

# ACCOUNTANCY

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## CONTENTS

	PAGE		PAGE		PAGE
PROFESSIONAL NOTES		LEADING ARTICLES		LEGAL NOTES	156
The Society's Annual Meeting	143	The President's Speech	147	WOMEN EMPLOYED IN ACCOUNTANTS' OFFICES	157
The New President	143	Farm Valuations for Income Tax	149	SOCIETY OF INCORPORATED ACCOUNTANTS	
Institute of Chartered Accountants	144	War Damage Practice	150	Annual General Meeting	158
Association of British Chambers of Commerce	144	TAXATION		Fifty-seventh Annual Report	161
Food Trade Profit Margins	144	ARTICLE: The Finance Bill	152	Council Meetings	164
Companies and Paper Economy	144	Stamp Duty	153	Membership	164
Nominee Names	144	Effect of Charges	153	Personal Notes	164
Should a Company Tell?	144	RECENT TAX CASES	154	Removal	164
Coupon Banking Accounts	145	FINANCE		Obituary	164
Family Allowances	145	The Month in the City	155	BOOKS RECEIVED	164
EDITORIAL		Points from Published Accounts	155		
The Society's Annual Meeting	146				

## PROFESSIONAL NOTES

### The Society's Annual Meeting

This year the annual general meeting of the Society of Incorporated Accountants held on May 21 was of unusual interest. We commend to our readers Mr. Percy Toothill's presidential address which is printed in full on page 147 of this issue. A report of the discussion which followed it and of the debate on the motion which was brought forward appears on pages 158 to 161. In our editorial we have summed up and commented on the views of the speakers.

### The New President

Mr. Richard A. Witty, F.S.A.A., senior partner in Button, Stevens & Witty, Incorporated Accountants, London, has been elected President of the Society of Incorporated Accountants in succession to Mr. Percy Toothill, F.S.A.A. On leaving Christ's Hospital—a school which has already given the Society of Incorporated Accountants two Presidents in the persons of the late Sir James Martin and Mr. E. Cassleton Elliott—Mr. Witty entered the service of Mr. James Martin, then the Secretary of the Society, with whom he remained until he commenced practice in 1905. He took Honours at the Intermediate and Final Examinations and maintained an active interest in the London Students' Society for many years, serving as President of that body in 1912. Since his election

as a member of the Council in 1930 he has served on all the Committees of the Council, as well as numerous sub-committees, and has been Chairman of the Research Committee from its inception. Mr. Witty is one of the Society's representatives on the Commercial Education Committee of the London Chamber of Commerce, and has recently completed his term of office as one of the Honorary Auditors of the Chamber. In 1938 he was the Society's delegate to the International Management Congress at Washington, and took the opportunity of making an extensive tour through Canada and the United States. Mr. Witty has lectured on a variety of accountancy subjects throughout the country, and has been a frequent contributor to the accountancy press. He has a wide knowledge of the special problems calling for early solution by the leaders of the accountancy profession, and the one absorbing ambition of his life has been to serve the Society of Incorporated Accountants.

The new Vice-President is Mr. Fred Woolley, J.P., senior partner of Messrs. Woolley & Waldron, Incorporated Accountants, Southampton. Mr. Woolley is a former Mayor of Southampton, and has been Honorary Secretary of the South of England District Society since its formation in 1909.

### Institute of Chartered Accountants

The annual general meeting of the Institute of Chartered Accountants, adjourned from May 6, was held on May 21. The President, Mr. C. J. G. Palmour, spoke of the work of the Accountants' Committee, under his chairmanship, which consisted of representatives of the various professional bodies. Representations had been made that the profession should not be so denuded of men as to make the performance of its duties impossible. His personal view was that to win the war we must all make such sacrifices as the Government demanded. The Institute's Taxation and Financial Relations Committee would have the advantage of the views of non-practising members. Their function was to assist the Government, to tender advice if called upon, but otherwise to carry out their duties without fear or favour. He thought the Council's recent communication to the Chancellor of the Exchequer complied with those principles. He did not envy accountants in country districts the work resulting from the extension of Schedule D assessment on farmers. It would be advantageous if all income tax were assessed on the basis of accountants' computations, and enquiries, except on matters of major importance, were held over until after the war. Economic life after the war would depend on the restoration of our export trade, linked with intensive development of the natural resources of the Empire and of the world.

### Association of British Chambers of Commerce

Mr. Henry Morgan, F.S.A.A., has been elected President of the Association of British Chambers of Commerce. Mr. Morgan has been Deputy President for the last two years, and in the capacity of Chairman of the Association's Joint Committee on the Excess Profits Tax he recently made representations to the Chancellor of the Exchequer on the need for rectifying anomalies in the E.P.T. Mr. Morgan was Chairman of the Council of the London Chamber of Commerce from 1938 to 1941. He is well known to our readers as a past President of the Society of Incorporated Accountants, and at the annual meeting of the Society the President, Mr. Percy Toothill, on behalf of all the members congratulated Mr. Morgan on his election to this high office.

### Food Trade Profit Margins

Some discussion has been caused by the decision of the Ministry of Food to prevent organisations performing both wholesale and retail functions from retaining the full profit margins permitted at each stage. The intention apparently is to prevent multiple stores from attracting custom away from the small retailers by pricing their goods below the official maxima. On the face of it, this would seem to be a curious policy at a time when the cost of living is being heavily subsidised. But it appears to be justified, on other than economic grounds, such as the desire to avoid queues and shortages at the larger establishments, or to keep the small shopkeeper in being on social grounds. Nevertheless there are those who look to a solution by a planned

concentration scheme, so long awaited, that would release distributive labour for the war effort.

### Companies and Paper Economy

The Board of Trade emphasises the urgent need for every form of paper saving. In particular, companies are reminded that annual reports and prints of chairmen's speeches should be condensed to the utmost extent. A new Order in Council (S.R. & O. 1942, No. 803), amending the Defence (Companies) Regulations, relieves companies of the obligation imposed by the Companies Act, 1929, to include in their annual returns information of present and past members and the stocks and shares held or transferred by them. The Order does not apply to the first annual return of a new company, and the annual returns of private companies must still be as full as required by the Act. Regulation 7a is extended to companies and transfer documents not previously included, and protection is also given where cancelled share and stock certificates are destroyed.

### Nominee Names

The subject of disclosure in company accounts and affairs has been much in the public eye recently. Questions in Parliament concerning the ownership of the *Daily Mirror* revived old controversies regarding the use of nominee names. Some of the critics seemed to imply that the reasons for employing a nominee could only be discreditable. They were cognisant, that is, only of the abuse of this useful business facility and not of its use for such normal and legitimate purposes as the better protection of lenders against Stock Exchange collateral, or to relieve small investors of the technicalities attaching to the transfer and ownership of securities. Any general restriction on the use of nominees (even if it could be made effective) would clearly cause needless hardship by handicapping perfectly innocent operations, where secrecy is not the chief motive for the use of a nominee name or is desired for perfectly legitimate reasons. It may be that secrecy is undesirable in relation to dealings in shares by the directors, to large holdings which might confer control or to particular types of companies, such as organs of opinion and producers of national importance. If this is conceded, the remedy would seem to lie in regulations directed against such specific instances and not against nominee holdings in general.

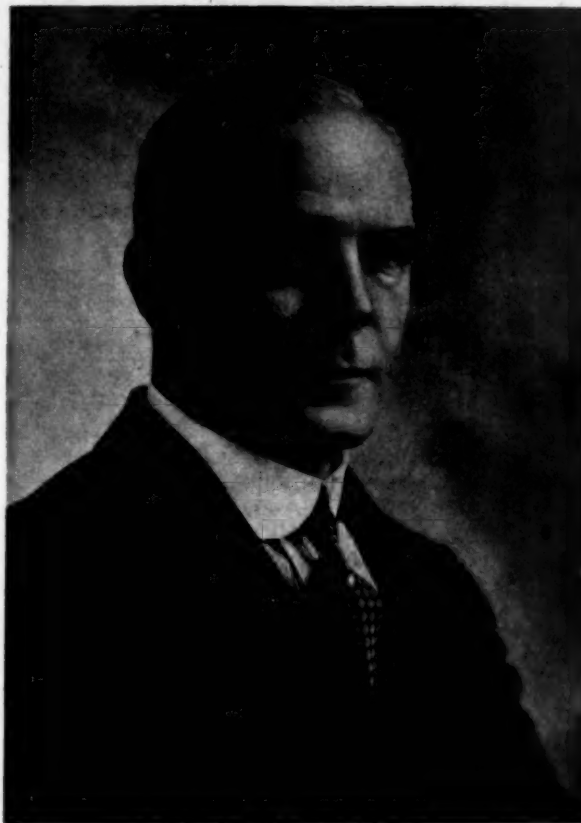
### Should a Company Tell?

Publicity has been given, especially in *The Economist* and the *Financial News*, to the need for more informative company accounts. The demand is not limited to such hoary subjects of controversy as holding companies and consolidated accounts; both publications would like all boards to bare their souls to the public to a far greater extent than almost any company has hitherto been prepared to go. "Disclosure means publication," the *Financial News* suggests, "of all gross receipts (separately) from trading, outside investments and non-recurring sources; all expenses, including materials, wages, salaries, advertising, rent, fuel,

fees and overheads; all reserves for depreciation, bad debts, taxation, lower prices and 'the unknown future' by whatever title called. . . . Wherever assets have a market value, that value must be stated. All items must be given gross, and any reserves against them must be stated separately. Like and unlike items must not be fused. . . . Current facts rather than past history are of interest. The investor would like to know the figure that current valuers put on buildings and plant, as well as the amount the company paid in 1907, less depreciation." It is interesting to envisage the company meeting of the future. Nevertheless, nobody would contend that the position under the present Companies Act represents ultimate perfection, and the Society has consistently pressed for fuller information in the interests of shareholders. The novel feature about the latest demands is that the interests of shareholders appear to be quite a minor consideration. *The Economist*, for example, says: "Although all these details are perhaps not necessary for the guidance of the owners of the business, they should be available in order to make possible a more complete statistical survey." The *Financial News*, on the other hand, bases its pleas on the conception that after the war "there will be a definite element of trusteeship about the effort to make profits in every trade from costermongering to large-scale production of steel." It is not altogether clear what is meant by this concept of a wider public interest in the affairs of companies. The State at present controls companies to the extent of setting up the legal framework of business, seeing that accounts are drawn up with due regard to tax liabilities, and prescribing certain safeguards for investors. These safeguards may require strengthening; but only in one instance does there seem to be a legitimate need for any further intervention in principle, namely, where the company enjoys monopoly privileges which involve the State as the protector of the consumer. In the United States, important developments are in progress in this particular field. But the idea that profits, as such, involve "an element of trusteeship" is something quite new. Would this element extend also to losses?

#### Coupon Banking Accounts

The final steps have now been taken towards the introduction of the coupon banking scheme. Traders handling clothing coupons in the course of their business were instructed that they should arrange for the opening of coupon accounts with their banks on or as soon as possible after May 18. The list of banks authorised to operate the scheme has been announced. In addition to the London clearing banks, eight Scottish and seven Irish banks, it includes also a number of Dominion and other overseas banks, as well as some of the smaller domestic institutions. When the scheme is brought into operation, after a short period to permit of the opening of accounts, the use of transfer-vouchers will be compulsory for all coupon transactions, except where the coupons carry special quota-free rights or not more than 75 coupons are involved (instead of 50 coupons, as originally announced).



MR. RICHARD A. WITTY  
President of the Society of Incorporated Accountants

#### Family Allowances

Though the Government has not committed itself to the adoption of family allowances, the Chancellor of the Exchequer has helped to provide the background for a realistic discussion of the question by issuing a White Paper setting out the cost of various alternative schemes. At present rates of tax, and allowing for the saving on income-tax allowances and other payments, the net annual cost of a non-contributory scheme, applicable to all children without regard to the parents' income, is estimated at £64 million, or £39 million if the first child were excluded. A contributory scheme financed by employers' and workers' contributions would call for a weekly subscription of 2s. 8d. for every employed person, or 1s. 2½d. if the first child were excluded. The calculations show that the possible saving from a means test to restrict the allowances to families of limited means would be comparatively small. Objections are expressed to a scheme linked with income tax, on the ground that a reduction in the tax would increase the amount payable in family allowances. Curiously enough, the obvious course of withdrawing tax allowances for dependent children altogether, and substituting a universal family allowance, is not even discussed. The gross cost of a universal scheme would be £132 million, falling to £111 million if benefits were restricted to parents with incomes of £260 or less. Comparable figures if the first child were excluded would be £58 million and £49 million respectively.



# ACCOUNTANCY

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## THE SOCIETY'S ANNUAL MEETING

The annual meeting of the Society, held on May 21, was very well attended and marked by a lively spirit of discussion. In his third Presidential Address Mr. Percy Toothill dwelt on a number of matters of both general and professional interest. Commenting on the difficult question of the de-reservation of accountants, Mr. Toothill made it clear that the Accountants' Committee was an advisory committee of the Ministry of Labour in respect of partners and staffs of firms of practising accountants. The Committee endeavoured to distribute as equitably as possible the burden which fell on the profession. Nevertheless, retained personnel are bearing a heavy strain at a time when their duties are in direct relation to the war effort.

The President touched upon the anomalies—all too familiar to accountants—associated with the assessment of E.P.T. and he also mentioned the clarification of the conditions relating to the 20 per cent. repayment. Accountants will still find the provisions in the Finance Bill obscure, and it would be unwise to include amongst company assets sums which later might fall to be repayable. Most accountants will agree that it is still preferable to insert a note on the balance sheet expressed in general terms but making specific reference to this future right to repayment as governed by the statutory limitations.

It is fundamental that freedom within a peaceful structure of society depends upon principles of order. Can it be doubted, then, that professional accountants trained in methods of significant analysis and orderly classification will be increasingly concerned in the solution of the economic and social problems which are bound to arise in the future? As discussion at the meeting showed, accountants are alive to the contribution to post-war problems which will be expected of them, and they must see that they are well equipped to deal with the elements in those problems which will come within their province.

The Society in guarding the essential unity of its members is charged "to watch over, promote, and protect" their mutual interests. This means *all* members, and Incorporated Accountants would not wish to see any part of this function delegated to a sectional organisation. We cannot resist the suspicion that such a delegation might be latent in the motion which asked that the Society should officially recognise an association now being formed to secure a minimum salary for accountants as employees and

to protect their interests in that capacity. A new organisation is proposed to protect the interests of non-practising accountants, but this function is already implicit in the objects of the Society, despite the suggestion of the seconder that professional bodies were concerned with the professional aspect of an accountant's work and not with his actual conditions. It was tacitly implied that there might be a conflict of interests between practising and non-practising accountants. In our view, to segregate one sectional interest into a separate organisation would make for professional disunity.

The President made it clear that the Council had always been interested in the welfare of the younger members who for the most part were not in practice. The Branches and District Societies were organised for the specific purpose of enlisting their co-operation and the Council had always welcomed their views. He instanced the courses held at Oxford and Cambridge for the benefit of more recently qualified members. The President pointed out that the motion invited members to recognise officially an association not yet formed, that the implications behind "recognition" were not clear, that the Society was a professional body and not an employers' association. There were over 2,000 members and students serving with H.M. Forces and this had an important bearing upon whether the present was an appropriate moment to consider this proposal. The President said that the Council would give careful consideration to the views expressed but it could not support the motion in its present form.

Nearly all the speakers supported the Council. Some doubted whether actual conditions necessitating the determination of a minimum salary were really operative. Others, while expressing sympathy with the humanitarian motive, were of opinion that this was a problem for solution within rather than outside the professional bodies.

Many members saw in the motion a penetration of bargaining principles and the appearance of an artificial support which would not make for the essential professional quality of self-reliance. Other members urged greater representation of non-practising members and the Vice-President, summing up the debate, remarked on the reasonableness of the suggestion for a more direct liaison between the Council and non-practising members, which he said would be carefully considered. The motion on being put to the meeting was lost by an overwhelming majority, only fifteen voting in favour of it. A similar motion put to the adjourned annual meeting of the Institute was lost by a large majority.

From its foundation in 1885 the Society has been fortunate in the wise statesmanship of its leaders, and those who stand in that tradition to-day can be well trusted to elevate and maintain the status and dignity of the profession. This domestic matter must not be allowed to overshadow the indebtedness which all Incorporated Accountants owe to Mr. Percy Toothill at the end of three difficult and responsible years in office as President of the Society. This sentiment was admirably embodied in a vote of thanks adopted with much cordiality.



## The President's Speech

*The following is a full report of the address of Mr. Percy Toothill, President of the Society of Incorporated Accountants, at the Annual General Meeting on May 21.*

I have pleasure in moving the adoption of the 57th annual report and accounts.

Once more we assemble amidst the great conflict which has overtaken the world, but with ever growing confidence in ultimate victory of the peace-loving nations. We are inspired by the leadership of our great Prime Minister, by the heroism and sustained devotion to duty of His Majesty's Forces and the Forces of our Allies, the Merchant Navy and the Civil Defence Services, and by the sense of comradeship with all the United Nations.

I wish to send, in your name, a message of greeting to the members of the Society and students who are serving with H.M. Forces in different parts of the world. Some 882 members and about 1,250 students are known to be serving with the Forces. To the relatives of those who have fallen in the war or who have lost their lives through enemy action, I extend our heartfelt sympathy. Likewise, I would send a message of goodwill to those who are unfortunately prisoners of war or who are interned. We anxiously await news of members who were professionally engaged in the Far East. We admire the courage with which a considerable number of members who lost their offices and papers by enemy action have continued practice and have maintained their services to their clients.

The Council is grateful to the Society's Branches overseas and to bodies of accountants in the British Dominions and in the United States of America, for the hospitality they have offered to any members who may be serving overseas. The Branches and District Societies in Great Britain and Northern Ireland will also be pleased if they can afford any facilities to members of the Society and students who may be serving in the neighbourhood of their respective headquarters.

During the past year the Council lost a valued colleague by the death of Mr. R. T. Warwick. For 15 years our deliberations benefited from his wisdom and able co-operation in every endeavour to further the interests of the Society.

I am sure you will all join me in congratulating Mr. Henry Morgan upon his election as President of the Association of British Chambers of Commerce.

### De-reservation of Accountants

I am afraid that the subject of de-reservation, like economy, is scarcely a popular one, and I am conscious of the anxieties and uncertainties to which members of the Society, whether in practice or not in practice, have necessarily been subject. The position, however, must be viewed against the call for man-power in the direct prosecution of the war. The policy is the policy of H.M. Government, and the Ministry of Labour and National Service is charged with the duty

of carrying out that policy. The Accountants' Committee is an advisory Committee of the Ministry in respect of partners and staffs of firms of practising accountants, and any recommendations for deferment which it makes can only be within the limits prescribed by the Ministry.

The Committee consists of representatives of all the principal accountancy bodies, and it has done much to ease the claims which the Ministry was forced to make on the profession in the paramount necessity of full mobilisation. The representatives of all the bodies on the Accountants' Committee have worked in complete harmony, and in acknowledging the arduous labours of the Committee, I would express our appreciation of the work of the Chairman, Mr. C. J. G. Palmour, the President of the Institute, and of my colleague Mr. Walter Holman as Vice-Chairman. There has been no sectional consideration of applications, and the same broad principles have been applied to all types of firm. The Committee endeavoured to distribute as equitably as possible the burden which fell on the profession. Nevertheless, it is clear that the personnel still left to us bears a heavy strain at a time when much of the work of Incorporated Accountants is in direct relationship to the war effort. The Ministry has been kept closely informed of our difficulties. As I see the position in regard to men engaged in the accountancy profession, the Ministry has met us in a fair and reasonable spirit, although some hardships have inevitably been suffered.

The situation is accentuated by the call for "mobile," that is mainly younger, women. I cannot hold out any hope of relaxation in this direction, and a recent announcement of the Ministry foreshadows a further call upon our women staffs, subject to some latitude to permit of the engagement of substitutes of reasonable efficiency for the work. The Ministry has advised that the number of "immobile" women available for whole or part-time work has now increased, and it is hoped that members will endeavour to fill vacancies from this source.

The changes, we are informed, have become imperative in the national interest, and the Ministry asks for the co-operation of the accountancy profession.

### Auditors and E.P.T. Credits

There will be general regret in the profession that the Finance Bill has done nothing to remove the serious anomalies associated with the assessment of E.P.T. Important representations and constructive criticisms were submitted to the Chancellor of the Exchequer from various quarters. The Chancellor in his Budget speech reminded us that the 100 per cent. rate was introduced with the aim of taking the profit out of war. That is generally recognised. But

the adjustment of the inconsistencies with which we are familiar would not conflict with that sound principle, and the rectification of anomalies would stimulate war production. The criticisms made are not a specious cloak to avoid the burden of taxation which industry, as well as all classes of the community, must sustain for the successful prosecution of the war. At the same time it is satisfactory to note that the provisions of the Finance Bill appear to clarify the conditions relating to the 20 per cent. repayment. From the viewpoint of accountants, however, the suggested new provisions are still obscure, and it may be felt that it would be unwise to include amongst the assets of companies sums which might later be repayable under this provision.

For these reasons it will probably be preferred to insert a note on the balance sheet in general terms with a specific reference to this future right to repayment, the application of which still remains to be laid down by statute, except that the amount will clearly not be distributable either as dividend or as bonus shares.

Some companies are precluded for security reasons from disclosing their profits before taxation and it will probably not be desirable in many cases to insert any definite estimate of the E.P.T. repayable under these sections. We may regret the omission of such vital information from the accounts, but there appears to be no other available course.

#### The Functions of Finance in Wartime

During the past twelve months, we have witnessed further extensions of the twofold function of finance under war conditions—to restrict unnecessary personal expenditure and to provide means for the maximum expansion of war production. The first function is exemplified by ever increasing taxation, supplemented by stricter rationing. On the whole these arrangements have worked adequately, but it is conceivable that it may later be necessary to provide for some further restriction of personal expenditure. The other function of finance has been less successfully explored, and it is probably true that our financial resources have not yet been fully deployed in relation to the war effort. It is a strange anomaly, for example, that the power of a company to expand its vital war production depends, in the main, not on the need for that production but on the accident of its profits in the years 1935-37 (i.e. on whether an E.P.T. standard based on those years enables the company to retain sufficient cash to finance essential developments). This position is to some extent remedied by the special financial arrangements of the Ministry of Supply.

#### Future Work of Accountants

It may be hoped that the future work of the accountancy profession may be increasingly concerned with the practical application of accountancy experience and methods in the solution of business and social problems. Closer contact may usefully be established between members engaged in public practice and accountants holding appointments in

industry and commerce. Accounts must be increasingly constructed as a basis of current action rather than of past record. I consider that the profession could most usefully participate in attempts being made to evolve new methods of price fixing and costing and the simplification of industrial and commercial administration. With the enormous expansion of Government activities, Government accounting methods may have been developed under pressure to meet immediate requirements, but reform by way of simplification and standardisation seems to call for the earnest consideration of the profession.

Incorporated Accountants are in a position to obtain a unique knowledge of the whole field of industry, commerce and agriculture. Their professional work provides scope for diverse talents to be fully and effectively employed, and I look forward to the valuable contribution which the profession will make in attempting to solve the economic problems of the present time and those which will present themselves when peace again comes to us.

All of us accept the controls and rationing which are essential for the successful prosecution of the war, but, subject to proper safeguards, I trust it will be an early purpose of Government policy, when peace is secured, to eliminate, no doubt gradually but none the less certainly, the controls which were imposed under the pressure of wartime necessity.

#### The Society

The Council will give consideration to the needs of the younger men and women who will qualify after the war with a view to providing a higher standard of professional equipment and knowledge. I hope means will be found to overtake the loss which these young men and women have sustained by the inevitable break in their professional training, but the future of the Society's members must depend on the continual development of the standard of admission, and I cannot promise relaxations which might have the effect of lowering the standard upon which our professional prestige is founded.

I have to thank the members of the Society for the support which they have given me during my period of office as president. I regret that circumstances have prevented my maintaining, as intimately as I would have liked, personal contacts with members of the Society in all parts of the country, but if the character of my work has been confined to the more serious aspects of Presidential duties, I have found much happiness in the friendship I have enjoyed with many members and with my immediate colleagues on the Council, for whose work and never failing support I am so greatly indebted.

In conclusion, I particularly wish to refer to the valuable assistance given to me by Mr. Garrett and the whole of the staff, to whose help and unflinching loyalty I entirely owe any measure of success I may have attained during my three years as President of the Society.

*A report of the proceedings at the meeting is given on pages 158 to 161.*



## — Farm Valuations for Income Tax

By G. S. BROWNE, B.Sc. (Econ.), Economist, National Farmers' Union.

The proposal to assess under Schedule D farmers with land of annual value of more than £100 will affect about 100,000 farmers. This change was not unexpected, and some of these farmers are already keeping accounts adequate to form the basis of a statement for income tax purposes. For the majority the systematic keeping of comprehensive financial records will, however, be a new experience.

### The Need for Book-Keeping

Although they do not dispute the justice of paying tax on actual profits, these farmers will not welcome their new accounting responsibilities. More food must be produced by a depleted labour force, and it will not be easy for some farmers to find time to do much book work. The Government realise this fact, and also that there are probably not enough accountants to assist every farmer with his accounts, and certainly not enough professional men to carry out the valuations of live and dead stock, and of cultivations and tillages, on all the farms now to be brought into the scope of Schedule D. Discussions are now taking place between the National Farmers' Union, the Board of Inland Revenue and the Ministry of Agriculture on various points in connection with taxation, including the question of valuations. It is impossible to say exactly what will be required by the Government in regard to valuations, but it is reasonably certain that no more information will be required than could normally be prepared by the farmer himself. It is to be hoped, however, that the Government will show a sense of realism not only in determining the principles but also in making them perfectly clear to everyone concerned. Hitherto there seems to have been too much variation in the interpretation of the principles, especially in regard to valuations, by the different inspectors.

### Inventory

The discussions continue, but in the meantime farmers will have to start their account keeping by making some valuation of all their live stock and dead stock at the beginning of their farming year. The farmer will begin by making an inventory of all his livestock, corn grown on the farm and "bought in," feeding stuffs, fertilisers, implements and so on.

It is naturally recommended that this inventory should be set out systematically and in a constant form, giving details of the number of each class of stock (e.g. working horses, cattle for fattening, milking cows); this will facilitate doing the job of valuation again at the end of the period.

### Market Price or Cost Price

Having made the inventory he will then value each item at the market price of the day or at cost price. The practice of valuing livestock tends to vary, but

generally speaking these items are taken at market prices, while sometimes a deduction (of say 5 per cent.) is made for the cost of marketing. There are obvious advantages of simplicity in taking market prices; to arrive accurately at the cost of livestock which have been bred on the farm or which have been purchased some time ago is a problem which even few accountants would attempt to solve. Similarly, for produce on the farm, the basis of market price less the cost of marketing might be taken. Working horses, milch cows, sows and other breeding stock would be valued on the same basis as other livestock. Where feeding stuffs, fertilisers and other requirements have been purchased, these would be valued at their cost price.

### "Tenant Right"

In theory the valuations should include the figures for "tenant right," that is, the valuation of tillages, growing crops and unexhausted manures. In practice, these further valuations are not always insisted upon by the Inland Revenue. It is well known that few farmers have a "tenant right" valuation made unless coming into or going out of a farm. It is, moreover, not the task for the ordinary farmer himself to attempt, and it is not likely that such valuations will be asked for now in the tens of thousands of additional returns which will have to be made. To some extent the position has been regularised by an agreement between the National Farmers' Union and the Board. Under this agreement the Board said that where the normal value of tillages, unexhausted manures and growing crops did not exceed £700 and a detailed valuation was not available, a certificate that the value at the beginning of the year did not differ materially from that at the end of the year would usually be accepted. It was further stated that even where the normal value did exceed the limit of £700 a valuation would not be pressed for in every case. Presumably a certificate might be accepted in the same way as for those farmers with a tenant right valuation of £700 or less.

The arrangement indicates a desire on the part of the Inland Revenue Authorities for simplification of the procedure. This simplification is to be welcomed, and it is hoped that every effort will be made in the present discussions on farming taxation to make the task of valuing stock as easy as possible for farmers. The Government would do well to bear in mind Adam Smith's warnings about certain taxation: "... it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes..." and, "by subjecting the people to frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation and oppression."



# War Damage Practice

By MAURICE SHARE, Barrister-at-Law

## Semi-Judicial Standing of War Damage Commission

Although the main function of the War Damage Commission is "the making of payments in respect of war damage to land" (War Damage Act, 1941, Section 1 (1)), the Act gives it wide discretions of a judicial character, which make it, in effect, a judicial body.

The Commission was appointed on March 27, 1941, the day following the passing of the Act, and in a statement to the Press exactly one year later, Mr. A. M. Trustram Eve, K.C., the Chairman, said: "The Commission represents, in my view, a most interesting experiment in government. Parliament has given it a semi-judicial status and . . . its decisions on individual cases can only be interfered with by appeals to the Courts on certain questions of law and to arbitrators on the value of property."

On the same day the War Damage Commission published a thirty-page booklet entitled "Practice Notes, First Series." It was described as "primarily intended for lawyers, architects, surveyors and other professional people, and for builders." The Chairman said that its publication might be regarded in some quarters as an innovation, for "in it we are stating the decisions which we have arrived at on some of the more difficult provisions of the War Damage Act, and the manner in which we propose, in general, to exercise our discretions and carry out our administration."

The effect of the notes, according to the Preface, is that while the Commission is not overlooking the statutory obligation to determine each case on its own facts, "in practice, the claimant will have the advantage of knowing that his claim will be dealt with in accordance with the Notes, unless he either makes representations to the contrary, showing good cause for a different treatment, or he is informed by the Commission that for special reasons the normal rule is not to apply to his case."

At first sight this appears to be a bold experiment in law making. In fact it does not involve so radical a departure from tradition as would first appear. To the extent that it is a statement of decisions already reached, it is a more compendious and, it is submitted, a more authoritative method of reporting cases than that practised in the courts. Outside those limits there seems ample justification, in a matter of vital public interest such as war damage, for a semi-judicial body such as the War Damage Commission to make known to the professional and lay public some of the principles which will guide it in the exercise of its discretion. Nothing is more calculated to stimulate confidence in the administration of justice than certainty in the law, nor is anything more likely to lead to a reduction in litigation costs.

## Position of the Accountant

In any examination of the Practice Notes from the point of view of the accountant, it must be stated

at the outset that accountants' fees are clearly ruled out as an item of "proper cost" in payments for cost of works and will not be paid by the Commission. This is the result of a proper interpretation of Section 3 (3) of the Act, and also the practice note that "the Commission is unable to regard as part of the proper cost the fees of solicitors, accountants, or non-technical agents, for giving instructions on behalf of the claimant to builders or contractors, or for settling the accounts." The fees of architects, engineers, surveyors, land agents and other persons doing similar work, are allowed by Section 3 (3) and a scale has been issued by the Commission.

On the other hand, the fact that the War Damage Commission will not pay accountants' fees as part of the cost of works will not prevent accountants from being employed to check accounts. The Commission obviously contemplates this as a probability, for under the heading, "Proper Cost—Method of Assessing" (p. 8), in emphasising the free choice which owners must have to make their own bargains to suit their own locality and property, the Practice Notes state: "The Commission expects all who make such bargains and the professional advisers who supervise the work and check the accounts to see that the prices charged are no larger than they would have been if the private individual had to meet the bill."

Again, under the heading, "Proper Cost—Particulars of Work Executed and of Cost," it is pointed out that where a claim is made for a cost of works or temporary works payment, the Commission is entitled to be furnished with particulars (S.R. & O., 1941, No. 569), both of the works executed and of the cost. The most convenient method, it is suggested, is to send the original builders' accounts, specifications, estimates or contract documents (including receipts, if paid). If, however, this method is adopted the documents cannot be returned. In cases where the claimant cannot part permanently with the original documents, one of the alternatives suggested is that a copy should be sent of the original documents (including the receipts, if paid) certified by a solicitor or qualified accountant. Any alternatives, however, to production of the originals should be used sparingly as they may add to the time for examination of the claim. If the originals are only required for the Inland Revenue Department, the Commission has arranged to produce them to that department when required.

Accountants must therefore be equipped with sufficient knowledge of the relevant statutory provisions and practice notes to enable them to recognise not only what are the proper charges to be made in claims for cost of works or temporary works payments, but also what are the proper items to be charged, if they are to discharge their duties with a full sense of responsibility.

### Cost of Works and Temporary Works Payments

As regards the charges, the key word, the Practice Notes suggest, is "reasonable," as it is fully realised that no rigid "yardstick" can be applied to every case. "A maximum scale tends to become a minimum scale." The circumstances in which work is executed vary in difficulty and the same standards cannot apply equally in every case to the small builder and to the large contractor, or to the case where work is executed by direct labour. The Notes definitely state, however, that "in determining the rate of profit to be allowed to a main contractor in respect of work which he has sub-contracted, the Commission will have regard to the nature of the sub-contract, of the works executed under it, and of the duties of the main contractor in relation to it."

Where the works are executed by the personal labour of an individual (e.g., a householder) or by the maintenance staff of an industrial or commercial concern, or by workers in the concern whose labour is temporarily diverted to the work of repairing war damage, although no profit can be paid, certain allowances will be made. In the case of an individual a charge for personal labour will be admitted where proof of loss of earnings by reason of the repair work is produced. The charge will be on the basis either of actual loss incurred, or of a fair rate of remuneration for work done, whichever is the less. Labour rates in the case of work done by the employees of an industrial or commercial concern will be based on actual wages paid, and an allowance will be made for on-cost properly regarded as incurred in repairing the damage. The rates of on-cost will be related to those normally applied in the building trade, rather than those adopted by the claimant firm for its own purposes. Exceptional cases will receive exceptional treatment, but the maximum aggregate figure allowed will in no case exceed that which would have been paid if an outside builder or contractor had been employed.

The Practice Notes set out the particulars which the Commission requires to be sent with the claim for a cost of works or temporary works payment. Paper restrictions forbid a repetition of these, but generally a sufficient description of the work to enable it to be checked, or a specification or written order if there has been no variation, will meet requirements. The special cases of prime cost contracts, fixed price contracts and works by direct labour are dealt with in the Notes. Where verification by production of time sheets, receipts and books is required, the Commission's officers will visit the offices of the claimant or his adviser if production would involve substantial work, and the address is within reasonable distance of the Commission's Regional staff.

### Value Payment or Cost of Works Payment?

One of the most important matters on which guidance is available for professional advisers in the Practice Notes is the question whether a payment is to be a payment of cost of works or a value payment. On this depends the vital question whether payment is to be made now or in a future at present merely envisaged, i.e., on completion of the works on a fair estimation of the cost, or after the war in the case

of a value payment, on values current on March 31, 1939, subject only to a problematical increase by the Treasury if circumstances are changed after the war.

The general rule in the case of a developed hereditament (i.e., a building) is that a cost of works payment will be made unless there is a total loss, that is, where repairs would require works costing more than the difference between the value which the property would have after the execution of the works and the value which the hereditament, with the damage not made good, would have as a site. (Section 4 (1) (a).) This involves a calculation, and the Notes give valuable assistance in indicating the basis on which the Commission will make its decisions.

The meaning of "works costing" in Section 4 (1) (a) is the subject of some explanation, and it is pointed out that it does not necessarily involve the same cost as for a cost of works payment. It is well summed up in the sentence: "The assumption is a notional replacement of the original building and then a comparison of the likely value of this notional building (minus the value of the site) with the likely cost of that replacement."

A preliminary classification is to be made of all claims into Classes A, B and C, being respectively "safe" total loss cases, "safe" partial loss cases, and "undetermined." Class A is to consist of cases in which the formula in Section 4 (1) (a) would produce a total loss if it were applied on costs and values as at March 31, 1939, as in the majority of such cases they would involve "total loss" on any reasonable estimate of future probabilities. Class B will consist of cases in which the cost factor is less than three-fifths of the difference between the two value factors, calculated on costs and values as at March 31, 1939. Any special factors will be considered and all cases which do not fall into Classes A or B will fall into Class C.

In the case of undeveloped hereditaments, i.e., land, a cost of works payment is to be made only where the permissible amount of that payment would probably be less than the amount of a value payment. Analogous preliminary classifications, D, E and F, to those for developed hereditaments will apply.

One further matter deserves special reference. The Chairman of the Commission was careful to point out to the Press on March 27 that up to March 21 80 per cent. of all claims had been "put right through the machine." Any delays which might have occurred were due partly to the total bulk of the claims, and also to limitations on available staff. He was prepared to accept every reasonable suggestion except one, i.e., that they should accept a certificate by a professional man without a second audit by the Commission. Experience had shown, he said, that it was not right or safe to dispense with the Commission's audit. It may be legitimate to hope that a fair inference from this is that if accounts and claims are checked by accountants with the maximum efficiency and knowledge of the law and practice of war damage before they reach the War Damage Commission, the period between claim and payment will be materially shortened.



**TAXATION****The Finance Bill**

The Finance Bill will come as a relief to most readers, since, unlike its predecessors of the war years, it does not contain masses of amendments. Nevertheless, it requires study.

In this article we propose to review the provisions affecting income tax, N.D.C. and E.P.T., as the Customs and Excise provisions add little of interest to our remarks on the Budget. Before doing so, however, we must note Clause 19, which includes among the debts payable in priority in bankruptcy, winding-up and receiverships, the amount of any purchase tax due at the relevant date. This will correct an obvious defect in the law. (The date for exemption from purchase tax of utility cloth and clothing is to be advanced to August 3 and of utility footwear to the date it appears on the market (about June 1), according to the Chancellor's statement in moving the second reading.)

**INCOME TAX**

As already stated in our Budget article, the standard rate remains at 10s. in the £, and the only change in allowances is to increase the maximum additional personal allowance in respect of wife's earned income from £45 to £80. For sur-tax, although the power to impose it on incomes in excess of £1,500 is repeated, it has not yet been exercised, and the rates for 1941-42 remain as for 1939-40 and 1940-41, on incomes in excess of £2,000.

**Weekly Wage-Earners**

The Commissioners of Inland Revenue are to make regulations for making the assessments on weekly wage-earners in two unequal periods, each to be deemed a half-year, so as to implement the proposal we reviewed in our Budget article. Half the year's allowances will be given on each such assessment. The Regulations are unlikely to be available until after the passing of the Act.

**Diminution of Earned Income Relief**

The relief for diminution of earned income is to be extended to 1942-43. It appears that the intention is to continue it for the duration of the war.

**Employees' Expenses**

A person assessed under Schedule E, whose place of work or residence has changed through circumstances connected with the war, with the consequence that he is obliged to incur and defray out of the emoluments of the office or employment *additional* expense in travelling between his residence and his work, is to be allowed to deduct such additional expense up to £10 in any year.

**Repairs Allowance, Schedule A**

The allowance for repairs is to continue on the existing scale until April 5, 1947. This is the usual five-year re-enactment.

**Farming**

The provisions of Section 11, Finance Act, 1941, which specifies the cases where farming is exempted from compulsory assessment under Schedule D, are to be amended by reducing the annual value at which exemption ceases from £300 to £100 for 1942-43 onwards. Moreover, the assessment under Schedule B on farmers with an annual value not exceeding £100 is to be trebled. (Readers will remember that companies engaged in farming are already assessable under Schedule D whatever the annual value, also the rules regarding partnerships.)

For those still remaining under Schedule B, there

will now be no right to be assessed under Schedule D, as Rule 5 is to be repealed. The rights under Rule 6 remain. Rule 7, affecting woodlands, is not affected, but it will be remembered that a claim to go under Schedule D in that case has permanent effect until there is a change of ownership.

As was the case with farms transferred to Schedule D last year, relief is to be given for losses as if Schedule D had always applied, so far as Section 33, Finance Act, 1926, and Section 29, Finance Act, 1927, are concerned. Section 33, Finance Act, 1926, is amended by striking out the provision regarding farm losses.

A transitional relief for 1942-43 allows the farmer now brought compulsorily into Schedule D for the first time to claim assessment for 1942-43 on actual instead of the preceding year basis. This may be particularly valuable where adequate accounts are not available for last year.

**Interest on Tax Reserve Certificates**

Interest on tax reserve certificates is exempted from income tax. At the same time, discount on tax paid in advance is abolished.

**Savings Certificates**

A defect in Section 28, Finance Act, 1922, is remedied by providing that National Savings Certificate interest is exempted from tax even where the sum payable on maturity exceeds £1. Also, accumulated interest on certain Ulster, Colonial and other savings certificates is exempted, subject to the prescribed limits on holdings.

**Concentration of Industry**

The certifying authority may be any Government department, and not only the Board of Trade, but the Treasury must now concur in the issue of any certificate under Section 18 (1), Finance Act, 1941.

**Fraud or Wilful Default**

Possibly the most sweeping clause is No. 32. This is the first Bill since 1935 in which no clauses have appeared dealing with "legal avoidance," but instead it deals with "evasion" by illegal means.

Where any form of fraud or wilful default has been committed by or on behalf of any person in connection with or in relation to income tax for the year 1936-37 or any subsequent year of assessment, it is proposed that assessments, additional assessments or surcharges for that year may, for the purposes of making good to the Crown any loss of tax attributable to the fraud or wilful default, be amended or made at any time; the six-years' time limit is thus abolished in such cases. Moreover, the time limited for taking proceedings for the recovery of any fine or penalty is to be extended (in respect of 1936-37 onwards) so as to authorise the commencement of any such proceedings at any time within three years from the final determination of the amount of tax covered by the assessment. For this purpose, tax covered by an assessment is not to be deemed to be finally determined until the assessment can no longer be varied, whether by any Commissioners or by the order of any Court.

An objection to the amending or making of any assessment, additional assessment or surcharge to income tax on the ground that the time limit for the amendment or making thereof has expired is only to be made on appeal from the assessment, etc.

Personal representatives are protected, in that the extension of the time limits as above is not to apply.



The effect of *Rex v. Barker* ((1941) T.R. 165) is to be nullified in that statements made or documents produced by or on behalf of any person are not to be inadmissible in evidence against him in criminal proceedings for fraud or wilful default in connection with or in relation to income tax or for recovery of penalties, etc., in connection therewith, by reason only that the "white paper" or Hansard extract has been produced or he has otherwise been induced to make the statements, etc., by having his attention drawn to the Revenue practice regarding pecuniary settlements. This is a wise and timely provision.

The Commissioners of Inland Revenue are to have power to demand accounts and production of books and documents in connection with businesses, but the Financial Secretary to the Treasury stated in the Second Reading debate that this power would not be delegated to District Inspectors, and that it was intended to be used in cases of fraud, not as a general practice.

#### E.P.T. AND N.D.C.

N.D.C. is to be continued until such date as Parliament may hereafter determine. The necessary verbal changes in the law are provided in a Schedule.

#### Post-War Credit

The wording of Section 28, Finance Act, 1941, is to be changed by the substitution of a new Sub-section (1), providing that after the termination of hostilities there is to be ascertained and recorded, as respects every person who has paid any E.P.T. for any of the periods for which the tax is chargeable at 100 per cent., the amount by which the total E.P.T. and N.D.C. (less repayments on deficiencies, etc.) would have been decreased if the rate of E.P.T. had been 80 per cent. only for those periods. The amount so ascertained is to be repaid (at a date to be determined), subject to such conditions as Parliament may hereafter determine—being conditions relating to the distribution, application or capitalisation of profits for the benefit of shareholders, whether by the payment of dividends, by the issue of bonus shares or debentures, or by any other means whatsoever. The potential credit is not to affect capital computations.

We are thus still in the dark as to the precise conditions, though one step forward. As accountants we find it difficult to see any reason for prohibiting bonus shares; so long as there is no distribution of assets the issue of bonus shares is a mere paper transaction.

#### Tax Reserve Certificates

As for income tax, the interest on these is exempted from E.P.T. and N.D.C.

#### Successions and Amalgamations

The right of appeal against the Commissioners' exercise of their powers to modify the enactments relating to capital and profits computations in certain cases of amalgamation, etc., is extended to cases where they refuse to make a modification requested by the taxpayer.

#### Concentration of Industry

Similar provisions to those mentioned above in connection with income tax apply also to E.P.T. and N.D.C.

#### General

The provisions regarding E.P.T. and N.D.C. summarised above are retrospective and are to be deemed always to have had effect.

We must now await the fate of the clauses in the course of the Bill through its stages. No doubt some new clauses will be introduced, apart from amendments, which will be dealt with in these pages in due course.

## Taxation Notes

### Stamp Duty

The Finance Bill contains proposals for removing the uncertainties raised by the decision in *re Robb's Contract* (1941, 3 All E.R. 186) that a document exempted from *ad valorem* duty ought to be adjudicated. The Revenue had already intimated that they would not take any action in the case of nominal transfers, etc., but it was generally agreed that this was unsatisfactory, as the Revenue had no right to disregard the law. Some companies were insisting on adjudication of such documents. Clause 43 of the Bill provides for the amendment of Section 74, Finance (1909-10) Act, 1910, so as to reinstate the practice which existed before the *Robb's Contract* decision. The documents in question are certain conveyances or transfers made for securing repayments of advances and loans or connected with trusts or not passing any beneficial interest, and certain disentailing assurances. Adjudication is thus optional in such cases.

### Effect of Charges

Recent queries have shown that there is considerable confusion regarding the effect of charges on income tax payable and on allowances. This is particularly so in the case of "free of tax" alimony. The following assessment is typical, the amount of alimony being £300:—

	£	s.	d.	£	s.	d.
Remuneration	...	...	...	500	0	0
Allowances: E.I.A.	...	...	28 0 0			
P.A.	...	...	140 0 0			
				168	0	0
				332	0	0
£112 at 6/6	...	...	...	36	8	0
£220 at 10/-	...	...	...	110	0	0
				146	8	0
Less Bank Int., £20 at 10/-				10	0	0
Tax payable	...	...	...	£136	8	0

The client complains that he has not had enough allowances in respect of earned income and reduced rate.

The true picture can be seen from the following computation:—

	£	s.	d.	£	s.	d.	£	s.	d.
Remuneration	...	...	...	500	0	0			
Dividends	...	...	...	100	0	0	50	0	0
				600	0	0			
Less Alimony, gross	300	0	0				150	0	0
Bank Interest	20	0	0						
				320	0	0			
				280	0	0	100	0	0
Allowances: E.I.A.	28	0	0						
P.A.	140	0	0						
				168	0	0			
				112	0	0			
				at 6/6			36	8	0
Tax payable	...	...	...	£136	8	0			

Even when this is explained, the client may feel aggrieved at the tax kept in charge on alimony, and the best course is possibly to advise him to have the agreement varied to make a gross payment less tax; the final effect is the same, but he sees it better!

## Recent Tax Cases

By W. B. COWCHER, O.B.E., B.Litt., Barrister-at-Law.

*Schedule E—Managing director—Provision for pension—Release of company from obligation—Lump sum payment—Whether income.*

In *Wales v. Tilley* (K.B.D., February 18, 1942, T.R. 29), the respondent was managing director of a company at £6,000 per annum under an agreement of June 28, 1937, which also provided that he should be paid a pension of £4,000 per annum for ten years after cessation as managing director. On April 6, 1938, there was another agreement whereby the respondent released the company from the pension obligation and agreed to serve as managing director at £2,000 per annum. In consideration, the company agreed to pay him £40,000 by two equal instalments. The Special Commissioners had held that the £40,000 was not remuneration for services but commutation of the company's liability under the 1937 agreement. Lawrence, J., reversed their decision but held that the £40,000 was assessable by two assessments, £20,000 for each of the years of receipt.

He held that both in form and in substance the payment was in consideration of the release from the pension obligation and of the respondent's agreement to serve at a reduced salary. A sum paid in consideration of the respondent's agreement to serve at a reduced salary was clearly profit from the office; whilst, in so far as part of the £40,000 was payable in commutation of the pension, as that pension would have been assessable under Schedule E by virtue of Section 17 of Finance Act, 1932, "the sum payable in commutation thereof is assessable under Schedule E." He found that this reasoning was in accord with such cases as *Short Brothers, Ltd. v. C.I.R.* (1927; 136 L.T. 689, 12 T.C. 955).

This decision, if taken to appeal and upheld for the reasons given in the judgment, would seem to raise a very serious issue, in regard to cases of commutation of pension rights, especially as affecting servants of the Crown. The reference to the case of *Short Brothers, Ltd.*, is difficult to follow, seeing that all four of the judges concerned in that case found that there was liability in respect of the sum received for the cancellation of the contract because it was received by that company in the ordinary course of its business. This condition obviously did not exist in the case under review.

*Schedule D—Partnership—Admission of additional partner—Whether a succession—Income Tax Act, 1918, Rule 1 (a); Cases I and II of Schedule D, Rules 9, 10, 11—Finance Act, 1926, Sections 32 and 35—Interpretation Act, 1889, Section 1 (a).*

*R. v. City of London Commissioners; Ex parte Gibbs* (House of Lords, February 20, 1942, T.R. 35) was noted in our issue of October, 1940. The essence of the case was whether the procedure laid down in Rule 9 to Cases I and II of Schedule D was applicable where there had been changes in the constitution of partnerships. The Divisional Court had found in favour of the Revenue that it did apply; but the Court of Appeal had unanimously reversed this decision. There, however, the joint judgment of Clauson, L.J., and Goddard, L.J., had included a view which, if upheld, would have apparently given to the Revenue the substance of victory.

In the House of Lords, the decision of the Divisional Court was restored by a majority of four to one, Lord Russell of Killowen finding the Clauson judgment to be unanswerable. For the rest, it may be said that certain main points stand out from the judgments. In the first place, in considering the effect of the new Rule 11 enacted in Section 32 of the Finance Act, 1926, and finding Rule 9 to be obsolete, the Court of Appeal had apparently overlooked the reference to Rule 9 in Section 35 of the same Act. Secondly, to construe "person" in Rule 9 as excluding partnerships was to establish a difference in treatment between this country and Scotland, where the partnership was a legal person. Thirdly, in view of the preservation of Rule 9 in the Income Tax code by the Finance Act, 1926, they had to give the Rule a meaning which achieved a practical and reasonable result. Where two meanings were possible, and the literal meaning was opposed to the intention of the Legislature, it ought not to prevail (*Caledonian Railway Co. v. North British Railway Co.*, 1881, 6 App. Cas. 114).

As pointed out, although the Revenue lost in the Court of Appeal upon the technical point, the position following the Clauson-Goddard judgment must have come as an unpleasant surprise to the taxpayers' representatives. In the words of the Lord Chancellor, referring to changes in partnerships:

"If Rule 9 has no application in such a case, then, as above pointed out, the Crown could call upon a single partner, even one who had only joined the firm at the time of the change, to pay the whole tax," whereas they clearly hoped that the tax involved could not be collected at all.

The case is an important example of the value of a Court which can take the line most clearly to the public interest without fear of being overruled.

*Surtax—Undistributed income of investment company—Direction and apportionment—Relief where income attributable to period exceeding one year—Relief where shares purchased cum dividend—F.A., 1921, Section 21, First Schedule (8) and (9)—F.A., 1927, Sections 34, 35.*

In *Troy Securities, Ltd. v. C.I.R.* (K.B.D., January 27, 1942, T.R. 15), the question was whether, when a direction had been made by the Special Commissioners under Section 21 of the Finance Act, 1922, and the undistributed income of the company was apportioned among the members, they were entitled to the relief given by Sections 34 and 35 of the Finance Act, 1927. It was conceded that if the company had distributed the income by way of dividend the sections would not enable the shareholders to get relief. But it was argued that the effect of a direction under Section 21 was that of making the income retain its quality and be attributable to a period other than that in respect of which the tax was assessed upon the shareholders. The Crown argued that the income, although deemed to be the income of the shareholders, was not so in fact, and that under Rule 8 of the First Schedule to the Finance Act, 1922, it was the interest of the shareholder which was looked at and not the source of income. Lawrence, J., found the Crown's arguments to be sound. He held that individual shareholders had no rights under Sections 34 and 35.



## Month in the City

### The Function of the Stock Exchange

Does the Stock Exchange serve a useful purpose in war-time? This question was explicitly raised in the House of Commons recently, when Mr. Bevin was asked whether "he would have an investigation made into the large number of men employed on stock exchanges and would consider whether the continuance of these institutions was necessary, in view of the needs of the country?" In theory, no doubt, an active security market is not indispensable to the finance of the war. The Government could meet its requirements by floating debt borrowing, and the public might even invest some part of its current savings in unmarketable new issues.

Closing down the Stock Exchange, therefore, might actually permit the war to be financed—temporarily—on a lower interest basis: but only at the cost of disrupting the whole basis of Government credit; of creating a flood of short-term assets which eventually would have to be funded at much higher rates than those at present paid on War Bonds and Savings Bonds; and of severe hardships to holders of existing securities who had been relying on these as liquid reserves.

### The New Kennet Committee

If a market is to be maintained, it is doubted whether any great reduction in the remaining personnel is feasible. Throgmorton Street is now carrying on with less than 32 per cent. of the pre-war trained staff, even though the decline in the volume of business has been fully offset by the additional clerical work required by the Defence Regulations. Nevertheless, the new committee under the chairmanship of Lord Kennet may decide that some economies could be affected by the amalgamation of firms. At this stage, it is presumably to such changes in organisation rather than a further comb-out of staff that one must look for any substantial release of man-power. In the case of the banks and insurance companies, for example, it is clear from the committee's terms of reference that it is likely to give considerable attention to the possibilities of further branch concentration. To minimise the hardship to the public, on the other hand, it may be found desirable to adopt radical changes in internal organisation, such as centralised book-keeping for groups of branches, each requiring only a cashier.

### End of Conversion Ban

From time to time these notes have questioned the utility of the Treasury ban on conversion issues. Indeed, the Treasury itself has encouraged such doubts by successive relaxations of the ban in favour of particular classes of borrowers—hitherto only local authorities, the Australian Government and public utilities. The virtual removal of the ban has now at last been announced. Any borrower may now convert issues bearing interest at more than 4 per cent., provided that the conversion offer falls within the terms of the prospectus within which the issue was originally made. Terms and date of the conversion must be agreed with the Treasury in each case. The anomalous working of the ban was typified by the recent refusal of permission to Crosse & Blackwell to repay debentures issued at so high a rate as 6½ per cent. The lifting of the embargo will be generally welcomed. As already pointed out, the one possible danger to the Government's financial policy from a conversion offer is that the holder might decide to spend the proceeds instead of re-investing. But the original securities could always be sold and the proceeds used for consumption; and in all other cases it is assumed that cash receipts in respect

of capital assets will continue to be treated as capital. Thus the Budget White Paper does not treat payments to holders of requisitioned securities as expenditure "requiring domestic finance," while unexpended war damage compensation is regarded as "available for the finance of the deficit."

## Published Accounts

### Wartime Capital Expenditure

A significant change has been made by Anti-Attrition Metal in its balance sheet grouping of assets. Expenditure incurred during the past year (ended July 31) on land, buildings, plant, fixtures, etc., amounting to £34,543, has been taken to a separate war emergency account. To this has also been transferred similar expenditure of £14,227 incurred during the previous year, with the result that the fixed assets under the old grouping have been reduced to £69,038. The war emergency account has a total of £51,259, this including also £2,489 of A.R.P. expenditure, in respect of which it is noted that the amount of Government grant is not known. A consolidated balance sheet shows that for the group as a whole the war emergency account is £52,462, and to compare this with the remaining fixed assets of £94,535 is to gain a clear idea of the big expansion that must have taken place in the group's activities.

### Retrospective Tax Charges

Now that the Budget has, for the first time in some years, left the income-tax rate unchanged, we may perhaps hope to see the last of the complications introduced into company accounts by retrospective tax charges. We have before cited figures to show how the proper allocation of such charges may give a totally different impression of a company's earnings experience over a series of years. Another case in point is provided by British United Shoe Machinery. Simple extraction of the net profit figure from each year's statement shows that £529,571 was earned in 1938, £550,429 in 1939, £507,285 in 1940 and £408,019 in 1941. In 1939, however, £47,000 was withdrawn from reserve to meet additional taxation arising in respect of the previous year's profits, and that fund was similarly called on for £20,978 in 1940 and £43,778 in 1941. Accordingly we should scale down the true profits of the years in question to £482,571 in 1938, £529,451 in 1939, £463,507 in 1940, and £408,020 in 1941. During this four-year period there has been a net drain of £71,423 on the general reserve and carry-forward, including £19,856 of war damage contributions charged to reserve this time. And a reduction from 17 per cent. tax free to 13½ per cent. tax free in the distribution to ordinary shareholders largely represents the establishment of a closer relationship between disbursements and true earnings.

### Glynwed Holdings

The first accounts of Glynwed Holdings to be published since the company's shares were introduced on the London Stock Exchange are of interest if only because few companies with an issued capital of £500,000 would show the cost of a cheque book as a 10s. debit to profit and loss. A consolidated balance sheet shows a sum of £77,663 as "surplus of assets over liabilities attributable to the company"; but the assets in question include a "share premium account" of £278,304. This is a somewhat cryptic description of an item that accounts for such a goodly part of the assets total of £840,129. Presumably it represents the difference between the tangible value of the assets held by the subsidiaries and the price paid for the shares in those companies—or, more shortly, goodwill.



**LAW****Legal Notes****INSOLVENCY**

*Bankruptcy Act, 1914, Section 69—Balance in hands of Trustee—Rights of Creditors who have not Claimed—Application for Charging Order by Judgment Creditor.*

In *Re A Debtor* (No. 1123 of 1929) (1942, W.N. 96), the facts were that after the Official Receiver, as trustee in bankruptcy of a debtor, had paid in full claims of all creditors who had proved their debts, there remained a balance of £227. According to the debtor's statement there were other creditors who did not lodge proofs and whose debts remained unsatisfied. A judgment creditor for £59 applied to the Court for a charging order against the balance in the Official Receiver's hands. Farwell, J., said the question was whether the balance belonged to the bankrupt or should be retained by the Official Receiver or otherwise dealt with, so as to provide, if necessary, for the debts of creditors who had not come in and proved. Under Section 69 of the Bankruptcy Act, 1914, the bankrupt was entitled to any surplus remaining after payment in full of his creditors and of the cost of proceedings under the petition; the Act contemplated finality and if the statutory notice had been given to the persons stated by the debtor to be his creditors and any of them did not choose to come in and prove their debts in the bankruptcy, those persons were not treated as "creditors" within the meaning of Section 69. Consequently, on all the creditors who had proved in the bankruptcy being paid in full, the balance was held by the trustee in trust for the bankrupt and was a fund in respect of which a charging order could properly be made. He would therefore make the order.

**EXECUTORSHIP LAW AND TRUSTS**

*Retention of Assets to meet future Liabilities—Contingent Liabilities.*

In practice the Court will give leave to distribute an estate where future liabilities are purely contingent. In the case of annual sums covenanted to be paid, where the only matter in doubt is how long certain beneficiaries may live, assets sufficient to meet these sums must be retained. In *Re Arnold, Calvert v. Whelan* (1942, 1 All E.R. 501), Simonds, J., had to decide whether executors might be permitted to distribute the estate of a testator without providing for payment of annuities which he had covenanted to pay. Several years before his death in 1940, the testator had entered into deeds of covenant to pay annuities to three people, including annuities to two persons for the term of their natural lives respectively, and then, subject to certain conditions, to the survivor of them. The testator died in September, 1940, and his will was proved in February, 1941. His executors took out a summons asking whether they should complete the administration without retaining any part thereof to meet any possible liabilities in respect of those annuities. Simonds, J., directed the trustees not to distribute the estate without retaining such a sum as, when invested, would produce the amount of the annuities which the testator covenanted to pay. He said it would be wrong to leave creditors of an ascertained sum at a future date to recover from one or more of the legatees, who might be called on to make good the deficiency, the sum which might then be due from the estate.

**COMPANY LAW**

*Shares—Refusal to Register Transfer—Article of Association giving Directors Absolute Discretion—Bona fide Exercise of Discretion—Private Company.*

Although they are just as much legal entities as public companies, private companies are, from the business and personal point of view, much more analogous to partnerships than to public corporations. Accordingly it is usual for a private company's articles to give the directors very strict control over the membership. As the Master of the Rolls observed in the recent case of *Re Smith & Fawcett, Ltd.* (1942, 1 All E.R. 542), there may be excellent business reasons why those who bring such companies into existence should give the directors powers of the widest description. In this case the articles provided that the directors might at any time in their absolute and uncontrolled discretion refuse to register any transfer of shares. The appellant, as executor of his father, claimed to be registered in respect of 4,001 shares. The directors refused to register a transfer unless he was willing to sell 2,000 of the shares to a named director at a certain price; subject to that condition they were willing to register a transfer of the remainder. The appellant maintained that, whatever language was used in the articles, the directors' power to refuse a transfer must be limited to matters personal to the transferee and that as the directors were prepared to transfer 2,000 shares, there could be no personal objection here. The Master of the Rolls said there was nothing in principle or authority to prevent comprehensive powers being given to directors to refuse to transfer so as to enable them to take account of any matters which they think are in the company's interests and so to admit or not a particular person and to refuse a particular transfer in the general interests of the company as a whole, for example, whether the passing of a particular transfer would give the transferee too great a weight in the company's affairs or even allow him to obtain control. In the present case the article was drafted in the widest terms, and the only limitation was that implicit in law that a fiduciary power must be exercised *bona fide* in the company's interests, as the directors saw those interests (not what a court might consider to be those interests). The shareholder has a *prima facie* right to transfer his shares, and that right is not to be cut down by uncertain language or doubtful implications, but can only be restricted by clear and appropriately framed articles. In this case there was no limitation on the directors' veto, such as that they might refuse a transfer to a person not a member of the company, or of whom they disapproved. Had the articles so restricted directors' discretion, they could not have exceeded such limitations.

Here the article explicitly gave the directors an absolute and uncontrolled discretion, and there remained the issue of fact whether that discretion had been exercised *bona fide*. It was suggested that they were exercising it, not *bona fide* in the interests of the company, but for a collateral purpose, namely, the desire of the leading director to acquire part of the shares for himself at an under-value. But the principal director had sworn an affidavit that, rightly or wrongly, the directors had *bona fide* considered the company's interests and decided it was undesirable to register the transfer of all the 4,001 shares. If it was desired to charge a deponent

with giving an untrue account of his reasons and motives, the person on whom the onus of proof lay should have required the deponent to submit himself to cross-examination. On the evidence, the Court of Appeal were satisfied, as Simonds, J., had been satisfied, that there was no ground for saying that the directors' refusal was due to anything but a *bona fide* consideration of the company's interests as the directors saw them. Therefore, as on the true construction of the article that was the only matter to which the directors had to have regard, the appeal must be dismissed with costs.

### EMERGENCY LEGISLATION

*Mortgages—Appointment of a Receiver—Mortgagor Nominee of Third Party—Person "Liable to Perform the Obligation."*

Where a mortgagor is merely a nominee of a third party, the third party cannot be joined as respondent to an application by the mortgagees under the Courts (Emergency Powers) Acts, 1939-1941, for leave to proceed to exercise any remedy which may be available to them. That third party is not a person "liable to

perform the obligation" within Section 1 (4) of the Act. In *Re Mutual Building Society's Application* (1942, 1 All E.R. 578), the building society applied for leave to proceed by way of appointing a receiver or taking possession of the property of the mortgagor. The mortgagor was only a nominee of the Saltdean Estate Company, Ltd., and the mortgagees (the building society) were aware of the circumstances when the mortgages were executed. The mortgagor asked that the Saltdean Estate Company be added as respondents to the application, so that the company might show that their inability to pay was due to circumstances arising directly or indirectly out of the war. Simonds, J., rejected that contention. He said that he must consider the position of the person liable to satisfy the judgment or order or to pay the rent or perform the obligation, and in this case it was the person who had entered into the obligation of a mortgage debt. It was quite irrelevant that he was the nominee for and trustee of some other person. It would be open for the nominee to prove that his inability to pay was due to the war, but the application that Saltdean Estate Company be added as respondent must be refused.

## Women Employed in Accountants' Offices

The Accountants' Committee for England and Wales have had under consideration the following letter from the Ministry of Labour and National Service:—

April 25, 1942.

DEAR SIR,

1. To meet the ever increasing demands for women in the Auxiliary Services it will be necessary to extend the National Service Acts to unmarried women in the older age classes and it has been decided to apply them forthwith to all unmarried women who were born in the years 1919 and 1918. This will come into operation on May 1.

2. It has been decided that all women who will now come within the scope of the National Service Acts (i.e. those born in 1918-1921 inclusive) will be regarded as available for withdrawal from their present employment, and instructions are being issued to District Man-Power Boards that applications by employers for the deferment of the calling up of their female employees are to be most rigidly scrutinised. As a general rule they are to be rejected or at most only short periods of deferments, not normally exceeding three months, granted. Only in exceptional cases will longer periods of deferment be considered.

3. In addition, women born in the year 1922 will have registered on April 11 and it has been arranged to deal with them under the provisions of the Registration for Employment Order. If mobile, they will be directed to vital war work away from their home area unless they elect of their own free will to enter one of the Auxiliary Services.

4. An instruction under the Registration for Employment Order is being issued that women born in 1922 will be regarded as available for immediate transfer but that in special cases an employer may be allowed a short period for readjustment or replacement purposes. As the supply of immobile women capable of doing whole or part-time work is increasing, it has also been decided that in those cases where under existing arrangements the upper age limit for withdrawal of women from an industry has previously been 25 it will now be raised to 30, but the withdrawal of such women aged 26-30 at the date of registration will be subject to prior substitution.

5. Apart from these modifications no change will be made in the previous arrangements for the withdrawal of women who are subject to the Registration for Employment Order.

6. These new decisions of policy have been dictated by the imperative necessity for obtaining more mobile women within

the next few months and on this ground we confidently expect your active co-operation.

Yours faithfully,

(Signed) G. BANKES

"for H. N. D. PARKER."

The above letter, it will be noted, supersedes the arrangements set out in the circular letter of January 2, 1942, and in the Editorial in the January, 1942, issue of ACCOUNTANCY.

The main points to which attention is directed are as follows:—

1. Unmarried women born in 1918 to 1921 inclusive now come under the National Service Act and will be liable to be called up for service with the Forces or transferred to vital war work, subject at the most to a short period of deferment not normally exceeding three months. Requests for deferment must, in the first instance, be lodged with the local office of the Ministry of Labour and National Service, from which form N.S. 52 was received.

2. All women, whether married or unmarried, born in 1922 will be dealt with under the Registration for Employment Order and their position is set out in paragraph 3 and the first sentence of paragraph 4 of the above letter. Representations by employers must be made to the local office of the Ministry of Labour and National Service.

3. Married women born on or before December 31, 1921, and unmarried women born on or before December 31, 1917, and who in either case had not reached the age of 26 on registration, will continue to be dealt with under the Registration for Employment Order and liable to be withdrawn for vital war work, but women Audit Clerks of either of these age groups will only be withdrawn subject to prior substitution and similar arrangements will normally be made in the case of other women in these age groups who are shown to occupy pivotal positions.

4. All women aged 26 to 30 inclusive at the date of registration will now be liable to be withdrawn, subject normally to prior substitution.

5. Women aged 31 and over at the date of registration will not be called for interview for the present.

Representations have been made to the Ministry of Labour and National Service to the already difficult position of the Profession which will now be accentuated, but it is the view of the Ministry, as expressed in paragraph 6 of the above letter, that the exigencies of the national effort leave no alternative to the action indicated.



# Society of Incorporated Accountants

## The Annual General Meeting

The fifty-seventh ordinary general meeting of the Society of Incorporated Accountants was held at Incorporated Accountants' Hall, on May 21, when about 250 members were present.

The President, Mr. Percy Toothill, delivered the address which is given on pages 147-8, and moved the adoption of the annual report and accounts for the year 1941. This was formally seconded by Mr. Richard A. Witty, Vice-President.

## Discussion on President's Address

MR. E. C. BURRELL (London), referring to the President's remarks regarding the contribution accountants could make towards overcoming post-war problems in the economic field, suggested the establishment of a committee, to be appointed by the Council, with power to co-opt, and also with power to associate with the Institute and other accountancy bodies. Individual accountants had done great things towards helping the Government during the war, but had never acted as a body for dealing with economic problems, such as unemployment and social insecurity. He thought it was high time they did much more in that field.

MR. A. V. HUSSEY (London) said that although he again desired to record his thanks to the Society, it was not with the idea of presenting bouquets that he had made a particular effort to be present that day. He had in mind the younger men, whose careers had been so rudely interrupted, and he would like to hear that it was going to be possible for the Society, from now on, to give due regard to that matter. Whether invited to do so or not, the profession should tender to the Government in due course their views as to what should be the line to be adopted with regard to the nation's financial policy. It was a matter of extreme urgency, not perhaps so much to the older members but to those who had to follow and for generations to come. It was a very important task which the accountancy profession must as a whole assume, and, notwithstanding all the other difficulties, he thought now was a very appropriate time to do so.

MR. H. O. FOWLER (London) said that the Government at the present time had taken into its employ a very large proportion of the accountants of the recognised Societies and Institutes, who would presumably, after the war, be released to go back into their civil profession. There would surely be a nucleus of men who could be used in discussing the reconstruction, from a financial and loans point of view, which would eventually have to be undertaken. He therefore asked whether it would not be possible to have some committee, such as that suggested by the first speaker, which could get down to dealing with those problems from the point of view of both the Institute and their Society. Let that council or committee guide the Government, rather than that the Government should take matters into its own hands and take the profession's trained men to do its work.

MR. W. J. BACK (London) expressed the thanks of all those present to the President for the services he had rendered during three very difficult years. Year after year Mr. Toothill had been faced with difficulties which no other President had had to meet, except, perhaps, during the last war. Yet he had continued his work in his usual cheery and efficient fashion, and if he had not been able to travel all over the country and partake of the number of dinners he would otherwise have done, the members hoped his digestion had benefited by the enforced abstinence the circumstances had caused. (Laughter.) At any rate, he (Mr. Back) wished to thank the President for his three years of work and for the interesting addresses he had delivered at the three annual meetings. He asked if the Council would be good enough to supply the Articles of Association and Bye-laws in some convenient form in the next Year Book, for the benefit of members who might have lost their offices and with them

their old copies, even if it meant leaving out the report of the Benevolent Fund and the doings of the Council during next year. (Laughter.)

He wondered whether the Council had any information or knowledge about a great deal of investigation that the Revenue Department seemed now to be engaged in with regard to the basis of stock valuations. The endeavour of the Revenue seemed to be to insist that, instead of interpreting the value at cost or market price, whichever was lower (as was the practice of accountants), whichever of those bases was adopted should be taken for all the items, and that the whole of the stock should be valued either at cost or market price, whichever was the lower. He wondered whether there had been any negotiations on the matter and whether the Council had any information to give.

The resolution for the adoption of the report and accounts was then put to the meeting by the President, who declared it carried.

THE PRESIDENT thanked the four speakers for their contributions and said that consideration would be given to the points raised. He wished particularly to thank Mr. Back for the kind references he had made to him, and for the great amount of educational work he had done for the benefit of the Society. (Hear, hear.)

## Formal Business

The meeting confirmed the contributions made by the Council to the Joint War Organisation of the British Red Cross Society and the Order of St. John of Jerusalem and to the National Y.M.C.A. War Service Fund.

The retiring members of the Council and the auditors were re-elected.

## Motion: Accountants' as Employees

MR. H. W. WOOD (London) moved the following resolution: "That this body, being of opinion that the salary paid to a member employed either by a professional firm or by a commercial or other undertaking should be subject to a prescribed minimum, will officially recognise an association now being formed to secure such a minimum for accountants as employees and to protect their interests in that capacity."

MR. W. A. KENZIE (London), in seconding the motion, said that he had been appointed by the committee to represent the Association at the meeting. He proposed to run through the objects and general organisation they had in mind.

They had put as the first object that of securing for accountants a certain minimum salary. There had been some criticism amongst supporters at putting that object first, as they feared that the Association might develop into a mere instrument for wage bargaining and go no further than that. Those fears were ill-founded, as it was intended that the Association should have a much more far-reaching purpose. The salary object had been put into the forefront because in many parts of the country the salaries paid to qualified accountants were scandalously low and it was felt to be very necessary, in the interests of their professional self-respect, that a peg should be put in somewhere. By incorporating the salary motive in the motion before the meeting, it was intended to pave the way for negotiations between representatives of the Association and representatives of practising members, to discuss the basis of such minimum salaries applied to accountants employed by professional firms.

It was intended to make it clear that any member voting against the motion would be seeking to perpetuate a state of affairs under which a man who had passed the same test of professional skill could be condemned to exist under conditions which to-day could only be described as appalling. They had in their records cases where a qualified man was paid as little as £120 a year, and he thought members would agree that that was a very poor reward indeed for years of industry and hard training.

The second object of the Association was the natural object of all professional unions, namely, to give advice and assist-



ance to members and to provide an outlet for free discussion and more general regulation of conditions under which accountants worked. Professional bodies were concerned with the professional aspect of an accountant's work, not with his actual conditions. The Association would strive to arrange a standardised pension scheme which employers and employees within the profession could accept.

A great deal of support had come from members who were serving with the Forces and were anxious to be kept in touch with the profession. It was hoped that the Association could do valuable work in that direction. It was the view of the supporters of the motion that the profession could render a far more valuable service to the community as a united body, but they did not incorporate that point in the motion now before the meeting as it was not a primary function of the Employees' Association as such. It was intended that there should be admitted to the Association any member of the Institute, the Society, or any of the Scottish bodies. The present committee was composed solely of members of the Institute and Society, but it was intended to make it more representative.

Many members present might ask why the application for recognition was being made before the Association was actually constituted. That had been decided upon because members were asked to vote on the Association as a principle rather than an established body.

THE PRESIDENT thought that, before the discussion was opened, it might be helpful if he gave briefly the views of the Council. The Council had always been interested in the welfare of the younger members; the Branches and District Societies were organised for the specific purpose of enlisting their co-operation and the Council had always welcomed their views. Prior to the war, it was the practice of the Council to meet in conference each year the representatives of District Societies, who were at liberty to bring forward any subject for discussion. In addition some very successful courses were held at Oxford and Cambridge each year, for the benefit of more recently qualified men. He could assure members, therefore, of the sympathetic interest of the Council in the younger members who were mainly not in practice, and that it was always receptive of any views submitted.

The motion invited members of the Society to recognise officially the proposed Association. The Association had not yet been formed, and the implications of what was termed "recognition" were not clear. He must point out that the Society was a professional body, and not an Employers' Association. (Hear, hear.) A report had been taken of what had been said and the Council would give most careful consideration to the views expressed. At the present time there were over 2,000 members and students serving with H.M. Forces, and their interests, both now and in the future must be in the minds of the Council and their fellow-members. The meeting would realise that that had an important bearing upon whether the present was an appropriate moment to consider a proposal which closely affected their interests.

The Council could not support the motion in its present form.

MR. H. O. FOWLER (London) said that the Council could probably exercise some power in regard to what salaries could be paid eventually to qualified members of the Society, but the chief trouble did not come so much from the Society itself from as commercial firms, and even accounting firms, who advertised for qualified accountants. Sometimes they stated a ridiculously low salary, but more often they asked the accountant to say what salary he required. The applicant for the post was clearly put in a position of competition with his fellow-associates in the Society, without knowing how much they were prepared to live on. The advertiser should state a figure, and that figure, for a qualified man, should be at least a prescribed minimum.

MR. A. SOUTHERN (Manchester) aligned himself with the Council against the motion, not for political reasons nor for individual reasons, but in the interests of the profession as a whole. The meeting had been told the case of a man who received £120 a year. He declared that the man was not an Incorporated Accountant; he was a fool. He should have got

a job on the trams at £3 10s. a week, with travelling expenses and superannuation.

The President had expressed a thought in his own mind: that their organisation was not an Employers' Association. The Society was a body which was willing to examine the capabilities and abilities of any man who cared to come along and submit himself for examination. It did, in a way, give a guarantee of ability, prestige and reputation. Outside that, the Society had no control over the practising member. The Association had not yet been born. Members were being asked to sign the balance sheet of a company that had not yet been formed. They had only an idea of its Articles and did not know anything else about it except that it did seem to have a very good propaganda department.

He thought that the outcome of the motion, if it were accepted, would be antagonism, the formation of an Employers' Federation, and political argument. If the Council were going to announce to the world that they were prepared to recognise something not yet born, then, with all due respect to the Council for the years of service, energy and zeal they had put in on behalf of the members, he could only say they would be making a very grave mistake.

MR. H. BASIL SHEASBY (London) supported the point of view of the Council on the motion. He did not believe that any Incorporated Accountant at the present moment was being employed at £120 a year. That might be very good propaganda but it could not be fact.

The second point that arose was that it seemed that the Association considered they should merely confine their activities in the initial stages to members of the Society and of the Institute. Surely that was a very grave weakness. If they wished to raise the status of the profession, they must raise it throughout. There was always the danger pre-war of the cut-price accountant, such as the man in a Midland town who had a notice on his door: "Milk and cream supplied daily. Accounts audited." (Laughter.) That was an actual fact. He had great sympathy with the desire for a minimum standard. At the present time, however, the demand exceeded the supply. When wages and salaries were artificial was no time to negotiate a minimum standard. He had the privilege of being both Chartered and Incorporated, and he had found that the Society had always gone out of its way much more than the older body to see that the younger men were catered for. He thought that the average age of the ruling body, the Council, was considerably lower than in the other body. He considered the members present had been asked to buy a pig in a poke, and no responsible Incorporated Accountant should do that.

DR. C. CLIVE SAXTON (Oxford) thought there was a very big principle involved in the resolution. That principle was, could the Society officially recognise what was bound to be, in effect, an excrescence on its own constitution? The Society was formed to look after the interests of all Incorporated Accountants, not any particular section of them, and he did not think it should undertake to represent one point of view. It might mean a serious split into two sections, employers and employed. Many members who were employees were always hoping and striving to become employers; and the interests of the two sections were not so divorced.

Furthermore, supposing those present were foolish enough to express their opinions in favour of a minimum salary for qualified men, how did they propose to enforce it? At the present time it would look most unpleasant if they tried to take advantage of the shortage of Incorporated Accountants to enforce such a policy on industry. They did not yet know what kind of conditions they would have to meet after the war. If the matter under discussion required attention it could be more properly dealt with at that time by the Council.

MR. T. H. NICHOLSON (London) felt that the motive which lay behind the motion met with the sympathy of probably all present, but that the motion, in the way it was presented, was not practical. He had found, at times, considerable under-payment of employees. He fancied that the real point, however, was that when a man was qualified and had completed his five years of articles, he then found himself—or rather he did at one time—in a very poor market. That was probably due to the fact that although he thought he was of great value, he really was not. It needed another

two or three years to improve his foundations before he could really become of value in the sense that he could do the work which would attract fees from the clients. That was the real test. Although he was very much in sympathy with the motives underlying the motion, he could not be in favour of it.

MR. IVAN M. TAYLOR (London) said he was very much in agreement with the line the Council had taken, but he wished the meeting to remember one thing: that of the 7,881 members of the Society the majority were not in practice. All those who had spoken against the motion had been most reasonable, but he suggested that in most cases they were employers.

He personally did not wish to see the Society a trade union, but he thought that if the Council, of their own initiative, would see that they had a representation in their deliberations of some of the thousands of employees, the real question at stake that afternoon would be settled.

MR. H. S. BULL (Plymouth) declared that he was not unsympathetic towards the motives which had actuated the movers of the motion. One had to realise, however, that one of the finest qualifications any man of affairs could have was self-reliance. He had turned up the memorandum of association of the Society for help and guidance about the matter under discussion, and he saw there that their main object was the protection of the interests of the profession. Further down the list one noticed that they were to protect the mutual interests of members, which amounted to the same thing. Therefore he thought those present were hardly qualified to accept any motion of that kind, and he hoped that the mover of the motion would feel disposed to withdraw it.

MR. D. MAHONY (London) wished to express sympathy with the motion, but, in expressing sympathy, also to disagree with it. His main reason was that he thought the method was misconceived. The members of the proposed body should, in the first instance, have approached the Council. The low rate of salary paid in the profession might largely be attributed to the system of recruiting by article clerks. The article clerk, as a rule, came on to the labour market after five years with an inadequate knowledgeable experience. Possibly a man of that description would not be worth more than £120 a year.

That was only one cause of the low rate. The other was that the profession suffered from unrestricted competition. The real root cause of the trouble was that there was no protection for the profession. He welcomed the resolution from the point of view that it emphasised the necessity for registration.

MR. A. V. HUSSEY (London) said the Society had given him the honour to call himself a qualified accountant. In no circumstances whatsoever would he permit himself to be associated with any other organisation or body of accountants. The President had not mentioned who were the persons involved, and whether the Council knew, or not, he did not know. He himself would support the Council in all they did, and merely hoped he would always have a fair hearing if there was anything he wished to bring to the notice of the Council.

MR. E. C. BURRELL (London) believed the majority of the people present that afternoon were employers. He had no association with the members sponsoring the movement, and, as it stood at present, would not support it without going further into its constitution and underlying principles. As the majority of the members who would be affected were employees, if the committee which he had suggested earlier was formed the matter under discussion was one upon which their opinions could be obtained. The members would then have a more representative opinion.

MR. E. E. PEARCE (Cardiff) was amazed at the matter having been brought up at that meeting, and asked why it had not come up years before the war. All the members were able to go to District Society meetings. He was vice-president of a Society which did not get one-tenth of its members attending; yet they were able to get good attendances. The matter of remuneration could have been brought before the District Society Committee and at a general meeting, and it could have come before the Conference

of District Societies held in London only last year. He supported the Council wholeheartedly.

MR. H. H. BUSSELL (London) said that from the attendance present it was obvious to all the interest the motion had caused. Whilst he could not agree with the way in which the motion had been brought up, and could not support it in its present form, he wished to emphasise that the question should receive very careful consideration. There was great point in what an earlier speaker had said about the manner in which jobs were advertised and the unfair way in which accountants in the past had had to grovel for their work.

MR. F. M. MATHER (London), whilst entirely agreeing with the attitude of the Council, suggested that the poor salaries paid to qualified accountants were a menace to the whole profession—to those in practice as well as those not in practice.

MR. W. A. KENZIE (the seconder of the motion) said he thought at the stage the discussion had reached something was due from him. The Committee had approached the Council and discussed it with them, but felt that the individual members of the Society should be consulted. Therefore a meeting would be held in the future of which every member would be notified. He wished to point out that the motion had been tabled for the purpose of avoiding the calling of a special meeting at some future date. He believed that when the Institute of Accountants was formed its Charter was not put in until ten months after the article of recognition. They were therefore unborn at the time of the article of recognition.

MR. H. J. GODFREY (Luton) said his opposition to the proposal was that a matter of that kind, which was admittedly important, ought to be dealt with within the profession and not from outside. He would not for a moment attempt to rely on the argument that the Association had not yet been formed, because that argument was a weak one, as when it was formed they would have to recognise it. Members would be in a stronger position by saying that if there was a condition of affairs which ought to be attended to—and he was inclined to think there was—it was a matter to be dealt with within the Society itself. The only suggestion he had to make was that the Council should, in amplification of what the President had said, give the matter its early attention. He wished to remind the proposers of the motion that a minimum wage was not settled merely by passing a resolution; it was a vastly more involved question than that. What might be a perfectly adequate minimum wage in one area would not be adequate in another. In any case, those things should be remedied, if they were to be remedied, within the Society and not by an outside body. As a member of the Society, he had been very proud of the statesmanship which had been associated with the management of the Society from the time of Sir James Martin onwards. He had the greatest confidence in the President and Council, and, if they acted on his suggestion, was perfectly certain they would have the good sense to have some representation from non-practising members of the profession. As a member who had been in practice for 36 years he would do everything he could to support better conditions of working amongst the younger members of the profession, but he thought the present method was the most stupid way of trying to secure what the sponsors of the motion really wanted.

THE PRESIDENT pointed out that there had been eighteen speeches on the subject and he thought the matter had been thoroughly thrashed out. He called upon the Vice-President briefly to sum up what had been said.

THE VICE-PRESIDENT said he loved a fighting debate, and when he saw the notice of motion was almost sorry that he could not be in the body of the hall to take part. He thought he could have spoken on either side—or both. (Laughter.) He mentioned that because he wanted it to be realised that the Council certainly had no unfriendliness whatever, and no resentment, towards those who were responsible for putting the motion down. The articles of association were framed in order to ensure that the Society should be governed in accordance with the views of the majority of the members. Far from feeling any resentment, the Council probably welcomed the additional interest that



was taken in the affairs of the Society, even though it might be represented by a somewhat militant spirit, which they were told in high quarters was a very laudable quality indeed in these days. He thought most of the points had been dealt with by speakers in the body of the hall. Mr. Taylor had made a suggestion that there should be a more direct liaison, in some form or another, between the Council and the non-practising members of the Society who formed the majority of the membership. It was a reasonable suggestion and he had not the slightest doubt that it would be carefully considered by the Council.

The President had informed members what really was the objection to the form of the motion. Even the proposer and seconder of the resolution would have to agree that members were really being asked to sign on the dotted line and to leave somebody to fill in the body of the document afterwards. If, in the course of their professional duties, any one of their clients were to ask them if that were a wise thing to do they would, of course, have to say "No." The actual form of the motion was not the point of principle involved; it was really the general betterment of the condition of the members. The Council were sympathetic to anything which would promote the interest of all the members of the Society. That was one of the objects in the memorandum of association. It was not, however, always possible to promote the interests of a section if they were going to be detrimental to the interests of another section. That had a bearing on the point which had been made, that the Society was a professional body, not a body of employers or a body of employees. He thought the majority of the members of the Society would prefer that the interests of all Incorporated Accountants should be watched and promoted by their own Society.

He was prepared to say that all the matters would receive the consideration of the Council. He did not think there were any real points in the debate that called for an answer, so he was simply going to appeal to the members that in voting on the resolution they would all have full regard to the status and to the dignity of the profession to which every one of them was proud to belong.

The motion was then put to the meeting and declared lost, only fifteen members voting for the motion.

#### Vote of Thanks to President

SIR THOMAS KEENS, D.L. (Luton and London), moved a vote of thanks to Mr. Percy Toothill for his services as

President of the Society from 1939 to 1942, recording especially the tactful and genial manner in which he had discharged the onerous responsibilities arising from the adaptation to wartime conditions of the Society's organisation and from the problems with which the profession had been faced as a result of the war.

The majority of members present would know something of the work Mr. Toothill had done. Those who had lived in London during the last three years would know what it had meant for him to come up from Sheffield to London. Mr. Back had told the meeting earlier that though Mr. Toothill had not had to fulfil the usual functions of a president and to go to all the four quarters of the kingdom in order to attend various functions of the District Societies, that had not meant any cessation of his labour, because wartime conditions had compelled an enormous and continuous amount of work.

Members had had an instance that day of the geniality and skill with which the President had conducted the more public functions, and those on the Council knew also the enormous amount of work which he had put in from day to day.

MR. E. A. BOMAN (London) formally seconded the vote of thanks, which was carried by acclamation.

THE PRESIDENT, in responding, said it was very kind indeed of Sir Thomas to have referred to him in such flattering terms. What he had done had been a great pleasure to him throughout his three years as President of the Society. It had been pretty hard work and there had been no chance of that little relaxation which was afforded by being able to travel to the various centres of England, visiting the Branches and the District Societies. Although it had been hard work it had yet been a matter of enjoyment to him in many directions.

He was relinquishing the badge of office that afternoon, and he was sure that, after hearing Mr. Witty, who was following him, they would all agree that there could be no question but that the prestige of the Society would be in excellent hands. (Cheers.) He took the opportunity of thanking all his colleagues on the Council. He had already referred to the work Mr. Garrett and the staff had done, and before he concluded he wished also to refer to the very careful advice the Society had always received from its solicitor, Mr. Charles Norton, whom they were glad to see that afternoon.

## FIFTY-SEVENTH ANNUAL REPORT OF THE COUNCIL

### Membership

Admissions during the past three years are as follows:

	1939	1940	1941
New Members	324	249	122
Associates advanced to Fellows	58	57	34
The figures for total membership are:			
December 31	1939	1940	1941
Fellows	1,551	1,553	1,555
Associates	6,200	6,323	6,324
Hon. Members	3	3	2
	<u>7,754</u>	<u>7,879</u>	<u>7,881</u>

### President and Vice-President

In May, 1941, Mr. Percy Toothill, Sheffield, and Mr. Richard A. Witty, London, were re-elected President and Vice-President respectively.

### Obituary, 1941

Notification of the deaths of 68 members (23 Fellows, 44 Associates and 1 Honorary) was received with regret. A number of these were killed while serving with H.M. Forces or as a result of enemy action.

The nation suffered a severe loss through the death by enemy action of the Right Hon. Lord Stamp, G.C.B., G.B.E., one of the three Honorary Members of the Society. The

Council records the Society's indebtedness for Lord Stamp's stimulating contributions to the Society's work and policy and particularly for his former services as an Examiner in Economics and Statistics.

MR. A. F. C. ROSS, F.S.A.A., F.C.A. (Canada), was Chairman of the Society's Canadian Branch and a Past-President of the Dominion Association of Chartered Accountants. His death in December is mourned by his many friends in the profession, both in Canada and in Great Britain.

MR. R. T. WARWICK, F.S.A.A., who died in September, had been a member of the Council for 15 years, and his friendship and wise counsel will be missed by his colleagues.

### National Service and the Schedule of Reserved Occupations

The whole profession of Accountancy was affected by changes made in the Schedule of Reserved Occupations and by the subsequent replacement of the system of block reservation by one of individual deferment. At the instance of the Minister of Labour and National Service, the Accountants' Committee, consisting of representatives of the principal Accountancy bodies, considered applications for the deferment of men engaged in the Accountancy profession, and made recommendations to the Ministry. It is desired to acknowledge the co-operation of representatives of District Societies who

served on panels constituted to deal with the applications. A separate Committee was constituted for Scotland.

Constant touch has been maintained with the Ministry as regards both men and women engaged in the profession. The views of the Ministry and the procedure available for applications for deferment have been made known to practising members of the Society by communications from the Accountants' Committee.

#### Limitation of Supplies Order

Further conversations took place between representatives of the Accountancy profession and the Board of Trade with a view to facilitating the filing of the necessary returns under the Limitation of Supplies Orders, accompanied by the Auditor's certificate.

#### Liabilities (Wartime Adjustment) Act, 1941

The Council submitted suggestions to The Lord Chancellor upon certain features of the Liabilities (Wartime Adjustment) Act when in the form of a Bill. The Act enables persons who, as a direct consequence of war circumstances, are unable to meet their liabilities in full, to obtain statutory protection without incurring the stigma of bankruptcy.

#### Wartime Appeals

The Council made further contributions from the Society's funds of three hundred guineas to the Joint War Organisation of the British Red Cross Society and Order of St. John of Jerusalem, and one hundred guineas to the National Y.M.C.A. War Service Fund. Confirmation of the action taken will be sought from members by a resolution to be proposed at the annual general meeting.

#### Prisoners of War

The President of the Society sent a personal communication to members and students who were known to be prisoners of war and, where possible, arrangements are being made to forward textbooks to prisoners of war camps for the use of those normally engaged in the accountancy profession.

#### British Dominions and the United States of America

The Council sent a communication to the Branches of the Society overseas and to bodies of Accountants in the British Dominions and the United States of America, offering individual hospitality by Incorporated Accountants to their members and students who might be serving with the Dominion and American Forces in this country. Thanks are due to Branches of the Society and to bodies of Accountants overseas who have offered hospitality to members and students of the Society serving with H.M. Forces.

#### Disciplinary Matters

In two cases the Disciplinary Committee made reports to the Council in accordance with the provisions of Articles 34 and 35, and the two persons concerned were excluded from membership for conduct derogatory to the Society.

#### Examiners of the Society

The Council received with regret the resignations of two Examiners in Accountancy subjects, Mr. W. Norman Bubb, F.S.A.A., and Mr. Walter Holman, F.S.A.A., and expressed its thanks to them for their valuable services to the Society in that capacity.

#### The Society's Examinations

The number of candidates at the Preliminary, Intermediate and Final Examinations was 517, of whom 247 passed and 270 failed. The Council has to thank the Governors of Sedburgh, Taunton, and Southport Technical College for the facilities provided in connection with the Society's Examinations. The Examinations were also held at the usual centres in Scotland, Northern Ireland, Eire and South Africa.

The following are the comparative figures for the past three years :—

Year.	FINAL			INTERMEDIATE			PRELIMINARY		
	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed
1939	681	40%	51%	603	45%	55%	253	54%	46%
1940	342	40%	51%	332	48%	52%	127	54%	46%
1941	169	50%	50%	229	41%	59%	119	56%	44%
TOTAL	1,192	587	605	1,164	525	639	499	273	226
		49%	51%		45%	55%		55%	45%

#### Prizes and Honours Certificates

Prizes and Honours Certificates were awarded to the following Candidates :—

##### FINAL EXAMINATION

##### 1st Certificates of Merit.

Kennedy, Max, Scunthorpe (*Prize*) July, 1941  
Williams, Frederick Outfin, Paignton (*Prize*) December, 1941

##### 2nd Certificate of Merit.

Thompson, Brian Hubert, Pretoria July, 1941

##### INTERMEDIATE EXAMINATION

##### 1st Place Certificate.

Cooke, Kenneth Edward Armytage, Norwich December, 1941

##### PRELIMINARY EXAMINATION

##### 1st Place Certificates.

Wilson, John, Ballyclare, Co. Antrim July, 1941  
Foley, Kenneth, Timperley December, 1941

##### 2nd Place Certificate.

Cunningham, James, Belfast December, 1941

#### Sir James Martin Memorial Exhibition

The following award of the Sir James Martin Memorial Exhibition was made :—

##### Intermediate Examination, December, 1941

Audrey Devereux Dean, Articled Clerk to Mr. W. G. Lithgow, F.S.A.A., Southport.

#### Gold and Silver Medals

The Society's Gold Medal for 1941 was awarded to Max Kennedy, Scunthorpe, who was placed first in order of merit in the Final Examination, July, 1941.

A Silver Medal was awarded to Frederick Outfin Williams, Paignton, who was placed first in order of merit in the Final Examination, December, 1941.

#### Council

The following members of the Council retire and, being eligible, offer themselves for re-election under Article 49 :

*London* : Mr. Albert Stuart Allen, Mr. Henry Morgan, Mr. Richard Alfred Witty.

*Provinces* : Mr. Ralph Macaulay Branson, Mr. John Pateron Brodie, Mr. Frederick Arthur Prior, Mr. Robert Edward Starkie, Mr. Joseph Turner, Mr. Fred Woolley.

#### Auditors

Mr. Arthur Henry Hughes, Incorporated Accountant, London, and Mr. Percy Henry Walker, Incorporated Accountant, Cardiff, are the retiring Auditors and offer themselves for re-election.

#### Accounts

The audited accounts of the Society for 1941 are annexed to this Report.

#### INCORPORATED ACCOUNTANTS' BENEVOLENT FUND

The report of the proceedings at the annual meeting of the Incorporated Accountants' Benevolent Fund, held on May 21, and the Report of the Trustees, are unavoidably held over, and will appear in our next issue.



## REVENUE ACCOUNT, for the year ended December 31, 1941

1940			EXPENDITURE.			1940			INCOME.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
5,290	2	11	To Salaries and Pension Fund						By Subscriptions ...		20,338 18 0
1,026 18 2			Contribution ...		5,350 5 7	20,637	9	9	" Entrance Fees—		
145 6 0			" Rates ...	1,042 12 5					57 34 Fellows ...	178 10 0	
1,063 2 4			" Insurances ...	127 17 6				299 5 0	249 122 Associates ...	1,281 0 0	
			" Housekeeping, Lighting and			2,913	15	0			1,450 10 0
			Telephones ...	1,195 18 4		2,798	5	0			2,068 10 0
						480	18	8	" Examination Fees ...		
2,235	6	6	" Travelling Expenses ...	478 1 4					" Dividends on Investments		
376 2 7			" Stationery and Printing,						and Bank Interest		
1,401 16 0			including Year Book ...	1,427 7 7		279	14	11	(Gross) ...		590 6 7
350 1 1			" Postages and Telegrams ...	441 11 10					" Sundry Fees and other re-		
81 2 8			" Legal and Parliamentary			195	2	0	ceipts ...		392 17 0
			Expenses ...	116 16 6		600	0	0	" Hire of Rooms ...		118 0 0
543 11 2			" Advertisements ...	593 8 3					" Contribution from London		
87 5 0			" Subscriptions to Chambers						and District Society for		
			of Commerce ...	76 4 6					Secretarial and Office		
68 8 6			" Auditors' Fees and Ex-						Expenses ...		500 0 0
			penses ...	67 9 3					" "Accountancy"—Receipts		
609 3 10			" Miscellaneous Expenses ...	761 10 4					from Subscriptions,		
1,281 19 4			" Decorations and Repairs ...	167 19 5					Sales, Advertisements,		
544 19 9			" Air Raid Precautions ...	650 5 0		237	11	11	etc. ...	2,793 7 0	
450 0 0			" Contributions under War						Less Editorial, Printing and		
			Damage Act ...	660 10 0					Publishing Costs ...	2,565 2 1	
549 4 8			" Depreciation of Furniture								228 4 11
			and Fittings ...	201 0 4							
6,343 14 7											
3,758 6 7			" Expenses of Examinations								
			and Prizes ...	2,726 13 4							
3,974 0 2			" Grants to Branches and								
			District Societies ...	3,837 1 0							
139 5 2			" Additions to Library ...	101 1 11							
123 16 3			" Income Tax on Property								
			and Investments, less								
			Recovery on Debenture								
			Interest ...	151 12 7							
1,750 0 0			" Corporation Duty ...	11 10 7							
			" Debenture Interest (Gross)	1,750 0 0							
			" Reserve for Redemption of								
			Debentures:								
1,949 18 2			Annual Instalment and								
			Interest ...	2,026 15 7							
			" Contribution to the Joint								
			War Organisation of the								
			British Red Cross Society								
			and the Order of St. John								
			of Jerusalem ...	315 0 0							
			" Contribution to the Na-								
			tional Y.M.C.A. War								
			Service Fund ...	105 0 0							
2,578 6 11			" Balance, being excess of								
			Income over Expenditure								
			for the year ...	1,304 3 10							
£28,142 17 3					£ 25,696 17 0	£28,142 17 3					£25,696 17 0

**BALANCE SHEET, as at December 31, 1941**[illegible]

## AUDITORS' REPORT TO THE MEMBERS

We report to the members that we have examined the foregoing Accounts together with the books of the Society and the vouchers relating thereto, and have verified the Investments and Cash Balances. We have obtained all the information and explanations we have required, and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Society's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Society.

LONDON, April 27, 1942

ARTHUR H. HUGHES,  
PERCY H. WALKER,  
*Incorporated Accountants,  
Auditors.*

## COUNCIL MEETINGS

THURSDAY, MAY 21, 1942

Present: Mr. Percy Toothill (President) in the chair, supported by Mr. Richard A. Witty (Vice-President) and other members of the Council, and Mr. A. A. Garrett (Secretary).

### DEFERMENT OF CALLING UP

The Council received a report of the arrangements for the consideration of applications for deferment of men engaged in the accountancy profession who will shortly become de-reserved.

### WOMEN ENGAGED IN ACCOUNTANTS' OFFICES

Members of the Council mentioned the acute difficulties throughout the country arising from the large number of men already serving with H.M. Forces, and particularly from the prospective calling up of women engaged in accountants' offices, many of whom have been trained as substitutes for men who left earlier in the war.

### DEATHS

The Secretary reported with regret the death of each of the following members:—

ATTWOOD, HARRY ROBERT (*Associate*), London; COWARD, JOSEPH (*Associate*), Hartlepool (*on Active Service*); FORD, WILLIE JOSEPH (*Fellow*), Bristol; FROST, HENRY ROBERT (*Fellow*), London; HORTLEY, JOHN (*Associate*), Rawtenstall (*on Active Service*); HILL, ALBERT HENRY (*Associate*), Bristol; TAYLOR, GORDON HERBERT (*Associate*), London; WAGSTAFF, JAMES (*Associate*), Stockport.

### Second Council Meeting

A second meeting of the Council was held after the Society's annual general meeting.

On the motion of Sir Thomas Keens, seconded by Mr. Percy Toothill, Mr. Richard A. Witty was elected President of the Society for the ensuing year. On the motion of Mr. Richard A. Witty, seconded by Mr. R. Wilson Bartlett, Mr. F. Woolley, J.P., Southampton, was elected Vice-President of the Society.

The newly elected President took the chair, and Mr. Witty and Mr. Woolley thanked the Council for their election. Mr. Witty briefly indicated some of the special work which he considered would fall to the Council, arising both from war conditions and, he hoped, from the eventual termination of the war.

## MEMBERSHIP

The following promotions in the membership of the Society have been completed:—

### ASSOCIATES TO FELLOWS

Beck, Joseph David (Major & Co.), Birmingham, Practising Accountant; Brown, John Kenneth (Saxton, Shaw, Brown and Co.), Barnsley, Practising Accountant; Bullard, Herbert, Northampton, Practising Accountant; Chakravarty, Annada Charan, Calcutta, Practising Accountant; Forster, Sydney Allan (W. T. Walton & Son), London, Practising Accountant; Gale, Herbert Charles (Keens, Shay, Keens and Co.), Harrow, Practising Accountant; Grugeon, Bryan, Bromley, Practising Accountant; Hall, Frank, Leeds, Practising Accountant; Hatton, Samuel, Manchester, Practising Accountant; Maitland, Sir Adam, Caterham; Moulton, Christopher Gibson (C. A. Moulton & Co.), Wakefield, Practising Accountant; Owen, Ewart Lloyd (Kilby & Fox), Northampton, Practising Accountant; Patterson, James Thomson (Temple, Gothard & Co.), London, Practising Accountant; Peplow, Charles Alfred

John, Newton Abbot, Practising Accountant; Phillips, Eric, London, Practising Accountant; Postle, Norman, Consett, Practising Accountant; Richardson, John William (Wells & Richardson), Sheffield, Practising Accountant; Roberts, William, Wolverhampton; Sargeant, Harry John (W. T. Walton & Son), West Hartlepool, Practising Accountant; Shepherd, William Albert, Risca, Practising Accountant; Smith, William Charles Cecil, London, Practising Accountant; Tranmer, Charles Hatfield (Preston, Son & Tranmer), Hull, Practising Accountant; Wilkin, Joseph Henry, Borough Treasurer, St. Helens; Yaxley, William Reginald, Shrewsbury, Practising Accountant.

## PERSONAL NOTES

Mr. A. E. Middleton, Incorporated Accountant, has been elected an alderman of the London County Council.

Messrs. Charles Wakeling & Co. announce that Mr. Claude Brousson, M.A., A.C.A., has resigned from the partnership of Wakeling, Brousson & Co. Mr. Charles Wakeling, F.S.A.A., has taken into partnership Mr. C. S. Gerard Kealey, A.S.A.A., and Mr. Robert F. G. Wakeling, A.C.A., now serving with H.M. Forces. The new firm will be known as Charles Wakeling and Co. and will continue at the same address, 4, Brick Court, Temple, London, E.C.4.

Miss L. S. Deacon, Incorporated Accountant, has commenced public practice at 15, King's Street, Wolverhampton.

## REMOVAL

Mr. C. S. Moores, Incorporated Accountant, announces that his offices are now at 6, Sylvan Avenue, Exeter.

## OBITUARY

### WILLIE JOSEPH FORD

We have learned with much regret of the death at the age of 72 of Mr. W. J. Ford, F.S.A.A., Bristol, who was a member of the Council of the Society of Incorporated Accountants from 1914 to 1923, and President of the West of England District Society from 1913 to 1922. Mr. Ford had been in public practice in Bristol since his admission to the Society forty years ago, and was also for many years Secretary of the Bristol Branch of the United Kingdom Travellers' Association, and of the Bristol Mutual Benefit Society.

### ALBERT HENRY HILL

Mr. A. H. Hill, A.S.A.A., who died recently at the early age of 32, was a partner in Messrs. Storey, Hill & Co., Bristol, and took an active interest in the work of the West of England District Society.

## BOOKS RECEIVED

**Loose-leaf War Legislation.** Edited by John Burke. 1940-41, Part 14; 1941-42, Parts 4 to 15. (Hamish Hamilton (Law Books), Ltd., London. Price 6s. net each part.)

**Supplement to Miller's Excess Profits Tax.** By William Miller, M.A., L.L.B. (Eyre & Spottiswoode (Publishers) Ltd., London. Price 12/6 net.)